The Bankers' magazine, and statistical register

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

"No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation."

"The revenue of the State is THE STATE*; in effect, all depends upon it, whether for support or for reformation."*

"Rightfully considered, no principle is more conservative than that which identifies the laborer with the capitalist."

VOLUME TWENTY-NINTH,

OR,

VOLUME NINTH OF THE THIRD SERIES.

FROM JULY, 1874, TO JUNE, 1875, INCLUSIVE.

EDITED BY B. HOMANS, JR.

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GENERAL INDEX

TO THE

TWENTY-NINTH VOLUME (OR NINTH VOLUME, THIRD SERIES.)

OF THE

BANKER'S MAGAZINE & STATISTICAL REGISTER

FROM

JULY, 1874, TO JUNE, 1875, BOTH INCLUSIVE.

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LEGAL MISCELLANY.

Cases reported in the Banker's Magazine, for the year ending June, 1875.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

VOL. IX. THIRD SERIES. JULY, 1874. No. 1.

SOME PERILS OF OUR BANKING SYSTEM.

Never since our National banking system was established by the law of 1863 have the foundations of its prosperity and strength been more seriously threatened than during the fiscal year which has just closed. Part of these dangers have sprung from within; while part have come from the experiments of crude legislation which menaced the banking organism from without. It is hard to say which of the two are the most formidable; as to the latter class of evils, which come from legislation, we now know the worst that, for the present, can happen to us. Many well-informed persons think that we shall have no more financial legislation during the rest of President Grant's second term. If this be too much to hope, it is at least one of the benefits due to the President's Memorandum, which document we discuss elsewhere, that it has cleared our financial atmosphere; and has rid us of a multitude of projects of greenback expansion, by which the inflationists in Congress have been overstraining the public confidence in our banking and financial stability.

These gentlemen, to the great regret of the advocates of sound principles of banking, have given to our system a certain tendency to undue expansion, which has been seeking to develop itself for several years past, and seems to have just reached the point of culmination. These expansionists have operated in two

directions. They have weakened the foundations of the great edifice of our banking organism, and they have enlarged and expanded the superstructure. It is easy to see what must come of this two-fold "reform."

The Currency Bill which was signed by the President on the 22d June, passed the House on the 20th by a majority of 221 to 40, and had previously passed the Senate on the 19th by a majority of 43 to 19. It is undoubtedly the least objectionable of the finance bills which have been elaborated by the present Congress. Still it threatens the foundations of the banking fabric, on which our whole financial machinery moves, as we can not fully attempt now to explain. One or two of the most patent objections to it are all that are worth attending to at the present moment.

In the first place this law dispenses with part of the greenback reserves which have always been the distinguishing feature of our banking system. Few of us would waste time in proving that the cash reserves of the National banks have been one of their chief safeguards. Those who are best conversant with the financial history of the past ten years are best aware that we owe it to the ample compulsory reserves, that our banking machinery throughout the war was free from the uncertain jerks, the abrupt changes and frequent spasms, which, for many years, had been the disgrace of our old bank system. Some writers have contended that all the panics of this century, both here and in England, could have been prevented if ample banking reserves had been available, and had been judiciously employed in the crises of pressure. However this may be, we must at least concede that several of the panics that have been specially disastrous to ourselves, would have lost much of their virulence if our banks had been stronger in reserves.

It is a fundamental principle of sound banking that the cash reserve should amount to one-fourth; or, as some say, to one-third, of the direct liabilities of the banks; and that whenever it falls below this level, it should be raised by immediate restrictive measures. The old Louisiana banking act required one-third, and that of Ohio one-fourth. The last-named law was, in several respects, the model on which our National banking law was framed, and it had long been familiarly known to Mr. Secretary Chase. In conformity with the law of Ohio Mr. Chase would have prescribed 25 per cent. as the minimum below which the National bank reserves should never sink. For well-known reasons Congress was induced to modify this original requirement in 1863. The New York Clearing House in 1858, established their minimum reserve at 20 per cent., in coin; and in 1860 they raised the minimum to 25 per cent. Our National banking law, when it imposed the obligation upon the banks to hold so ample a reserve, gave a compensation by conferring upon them the co-ordinate privilege of issuing notes endorsed by the Government, and intended to take the place of the greenbacks when the latter should be withdrawn from circulation. In return

for these and other privileges the banks were required by the laws of 1863 and 1864, to hold a larger reserve than had ever before been generally enforced by statute in this country. The banks of the large cities were required to hold 25 per cent., and those of other places 15 per cent. To the fidelity with which these reserves were kept up, has been ascribed, as we have said, the stability of our banking and commercial system during the extraordinary pressure of our war finance.

These reserves, however, are costly. They involve the keeping of over a hundred millions of the funds of the banks unproductive of direct profit. This large proportion of passive assets, however needful it may be to secure the stability of the banks, has been long regarded by the expansionists with jealousy. The attempts they have heretofore made to impair the reserves and to increase in this way the earning power of the banks at the expense of their strength and stability would form an interesting chapter in some future history of our credit system. The subjoined table shows that these efforts have, so far, been only in part successful.

AGGREGATE RESERVES OF THE COUNTRY BANKS.

Required, 15 per cent.

Dates.	*No. of banks.*	*Circulation and deposits.*	*Reserve required.*	*Reserve held.*	*Ratio of reserve to liabilities. Per cent.*
Jan. 6, 1868	1,418	$405,322,366	$60,798,353	$96,873,050	23.9
April 6, 1868	1,418	412,251,361	61,837,703	94,143,672	23.8
July 6, 1868	1,414	419,787,829	62,968,177	100,782,520	24
Oct. 5, 1868	1,422	414,776,428	62,216,475	95,252,448	22.9
Jan. 4, 1869	1,408	406,128,844	60,919,326	92,999,217	22.9
April 17, 1869	1,400	394,615,851	59,192,376	82,523,406	20.9
June 12, 1869	1,400	395,378,414	59,306,761	85,673,334	21.6
Oct. 9, 1869	1,398	394,376,119	59,156,419	80,965,648	20.5
Jan. 22, 1870	1,396	399,041,348	59,856,202	93,426,468	23.4
Mar. 24, 1870	1,397	403,873,222	60,580,977	92,383,755	22.9
June 9, 1870	1,396	406,140,873	60,921,131	92,037,332	22.7
Oct. 8, 1870	1,400	404,337,512	60,650,626	84,777,956	20.9
Dec. 28, 1870	1,430	406,311,675	60,946,750	85,723,389	21
Mar. 18, 1871	1,465	423,793,830	63,[illegible]69,073	95,615,960	22.6
April 29, 1871	1,484	436,412,072	65,461,811	98,698,874	22.6
June 10, 1871	1,497	443,155,183	66,473,276	101,706,605	22.9
Oct. 2, 1871	1,536	467,619,031	70,142,854	98,946,184	21.2
Dec. 16, 1871	1,564	460,710,213	69,106,532	91,728,626	19.9
Feb. 27, 1872	1,586	481,506,936	72,226,040	102,275,001	21.3
April 19, 1872	1,616	484,854,125	72,728,118	98,012,845	20.2
June 10, 1872	1,626	490,608,432	73,591,264	101,821,660	20.8
Oct. 3, 1872	1,689	506,713,150	76,006,972	97,765,876	19.3
Dec. 27, 1872	1,707	500,723,505	75,108,526	102,033,935	20.4
Feb. 28, 1873	1,717	517,267,245	77,611,640	107,595,294	20.8
April 25, 1873	1,732	514,998,003	77,281,146	105,686,322	20.5
June 13, 1873	1,737	524,531,472	78,722,905	108,348,248	20.7
Sept. 12, 1873	1,747	532,971,917	80,000,665	110,110,455	20.7

Two things are proved by these statistics: In the first place, these reserves are about equal all the year round, and they are now almost as large as in 1868. Secondly, the country banks have, in these respects, been more exemplary in their obedience

to the law than have the banks in the redeeming cities, whose returns are as follows:

Aggregate Reserves of the Banks in Redemption Cities.

Required, 25 *per cent.*

Dates.	*No. of banks.*	*Circulation and deposits.*	*Reserve required.*	*Reserve held.*	*Ratio of reserve to liabilties. Per cent.*
Jan. 6, 1868	224	$439,653,338	$109,913,335	$146,041,738	33.2
April 6, 1868	225	429,084,929	107,271,231	130,148,347	30.3
July 6, 1868	225	493,814,023	123,453,505	160,352,080	32.5
Oct. 5, 1868	223	440,170,650	110,042,664	139,227,396	31.6
Jan. 4, 1869	220	428,310,661	107,077,665	140,320,761	32.7
April 17, 1869	220	400,006,281	100,001,571	115,570,842	28.9
June 12, 1869	219	425,263,320	106,315,832	125,468,496	29.5
Oct. 9, 1869	219	403,632,332	100,908,081	127,256,666	31.5
Jan. 22, 1870	218	447,831,836	111,957,959	155,894,990	34.8
Mar. 24, 1870	218	445,759,265	111,439,813	143,139,798	32.1
June 9, 1870	216	460,166,341	115,041,582	150,572,350	32.7
Oct. 8, 1870	215	409,060,815	102,265,204	118,633,295	29
Dec. 28, 1870	218	420,796,417	105,199,105	123,816,297	29.4
Mar. 18, 1871	223	466,973,869	116,743,467	138,772,908	29.7
April 29, 1871	225	476,104,067	119,026,015	144,809,917	30.4
June 10, 1871	226	510,018,734	127,504,683	159,693,896	31.3
Oct. 2, 1871	230	484,634,132	121,158,533	134,463,827	27.7
Dec. 16, 1871	226	456,721,899	114,180,474	126,916,204	27.8
Feb. 27, 1872	228	470,889,271	117,722,318	126,440,065	26.9
April 19, 1872	227	460,754,376	115,188,594	124,949,109	27.1
June 10, 1872	227	499,398,300	124,849,574	144,672,283	29
Oct. 3, 1872	230	443,349,305	110,837,326	112,152,056	25.3
Dec. 27, 1872	233	461,855,292	115,463,822	123,136,887	26.7
Feb. 28, 1873	230	475,475,970	118,868,991	121,049,950	25.5
April 25, 1873	230	464,729,950	116,182,487	119,676,330	25.8
June 13, 1873	231	492,717,130	123,179,284	143,830,285	29.2
Sept. 12, 1873	229	474,721,060	118,675,265	116,474,681	24.5

There is less of uniformity in the level of the reserves in the redemption cities. For well-known reasons they usually reach their highest point in the summer, and their lowest point in the autumn. There has also been, during the last two years, a more decided falling off in the bank reserves of the redemption cities, than in those of the country banks. It is worthy of remark that the country banks have raised their greenback reserves from 36 millions in 1868, to 42 millions in 1873; while the redemption banks have reduced their greenback reserves from 78 millions in 1868, to 50 millions in 1873.

It appears from these statistics how far the banks, during the last five years, have strengthened themselves with a surplus reserve in addition to the minimum required by law. As we have said, the legal requirement is that the country banks shall hold an amount of reserve equal to 15 per cent. of their deposits and circulation, three-fifths of which reserve may be on deposit with such National banks as act as their agents in the redemption cities. With regard to the banks of the redemption cities, they have to keep a reserve of [illegible] per cent., one-half of which may be on deposit with National banks.

The subjoined table will show how freely the banks avail themselves of this privilege of counting, as part of their cash reserves, deposits so held in other National banks.

DETAILS OF THE RESERVES OF COUNTRY BANKS.

	Specie.	*Legal tenders.*	*Compound interest notes.*	*Three-per-cent. certificates.*	*Due from redeeming agents.*	*U. S. certificates of deposit.*
Jan. 6, 1868	$ 2,565,221	$ 36,138,801	$ 12,933.550	$ 1,440,000	$ 43.795,478	——
April 6, 1868	1,804,017	34.735,700	11.806,040	2,905,000	42.892,915	——
July 6, 1868	2,058,989	36,247,168	6,478,600	4,265,000	51,732.763	——
Oct. 5, 1868	1,781,317	39.034,570	2,131,020	5.245,000	47,060,541	——
Jan. 4, 1869	2,819,665	40,724,681	——	4,815,000	44,639,871	——
April 17, 1869	1,705,877	37,213,372	——	4,595,000	39,009,157	——
June 12, 1869	1,597,541	36,232,475	——	4,235.000	43.608,318	——
Oct. 9, 1869	1,573.300	36,215,334	——	3,795,000	39,382,014	——
Jan. 22, 1870	3,146.141	36,855,868	——	3,370,000	50,054,459	——
Mar. 24, 1870	3.329,055	35,659,362	——	3,265,000	50,130.338	——
June 9, 1870	2,912 275	36,992.740	——	3.115,000	49,017,317	——
Oct. 8, 1870	2,357,856	35.465,915	——	2,890,000	44,064,185	——
Dec. 28, 1870	2,359,126	36,842,257	——	2,545,000	43,977,006	——
Mar. 18, 1871	2,420,987	35,589,817	——	2,245,000	55 360,156	——
April 29, 1871	2,504,655	38,506,524	——	2,040,000	55,047,695	——
June 10, 1871	2,032,371	38.481,550	——	1,885,000	59,307,684	——
Oct. 2, 1871	1,814,927	40,139,433	——	1,355.000	55,636,824	——
Dec. 16, 1871	2,043,411	39,380,993	——	1,060 000	49,244,222	——
Feb 27, 1872	2,816 771	39.792,119	——	810,000	58,856,111	——
April 19, 1872	2,600,614	42,485,632	——	690,000	52,236,599	——
June 10, 1872	1,890,232	41,495,581	——	605,000	57,830,847	——
Oct. 3, 1872	1,950.142	42,717,294	——	335,000	52,543,440	$ 220,000
Dec. 27, 1872	1,978,383	43,228,892	——	185,000	56,291,660	350,000
Feb 28, 1873	1,779,651	41,598,799	——	90.000	62 641,844	1,485,000
April 25, 1873	1,567,149	43,202,852	——	10,000	59,011,321	1,895,000
June 13, 1873	1,715,293	42,800.960	——	10,000	61.696.995	2,125,000
Sept. 12, 1873	2,071,686	42,279,728	——	——	63,509,241	2,250,000

DETAILS OF THE RESERVES OF BANKS IN REDEMPTION CITIES.

	Specie.	*Legal tenders.*	*Compound interest notes.*	*Clearing-house certificates.*	*Three-per-cent. certificates.*	*Due from redeeming agents.*
Jan. 1, 1868	$ 15,538,758	$ 78,167,690	$ 27,063,480	——	$ 6,805,000	$ 18,466,810
April 6, 1868	13,575,641	49,654,519	27,111,450	——	21,350,000	18,456.737
July 6, 1868	18,696,932	63,918.932	12,994,620	——	40,640,000	24,101,596
Oct. 5, 1868	9,686,044	53,418.905	2,382,710	——	53,835.000	19.904,737
Jan. 4, 1869	24,458,946	47,514 619	——	——	47,260,000	21,087,196
April 17, 1869	6,768,826	43.661,789	——	——	46,595,000	18,545,227
June 12, 1869	15,882,535	44,701,644	——	——	45,580,000	19,304,317
Oct. 9, 1869	20,415,157	47,503,961	——	——	42,050,000	17,287,548
Jan. 22, 1870	43.005,329	49,256,634	——	$ 17,956,000	24,090,000	21,587,027
Mar. 24, 1870	32,703,399	44,720,616	——	19,881,000	22.530,000	23.304,783
June 9, 1870	27,023,254	53,718,011	——	21,403,000	22,810,000	25.618,085
Oct. 8, 1870	12 108,149	41,737,662	——	19,136,000	23,440,000	22,211,484
Dec. 28, 1870	19,949,751	41,680,488	——	20,498,000	20,860,000	20,828,058
Mar. 18, 1871	19,516,341	53.253.532	——	20.599,000	16,955,000	28,449,035
April 29, 1871	15 788.996	65,006,031	——	21,581,572	13,020,000	29,413,318
June 10, 1871	14,171,225	81,923,110	——	19,248.000	11,290,000	33,061,561
Oct. 2. 1871	10,226.739	66,848.233	——	20,322,070	5,825,000	31,241,785
Dec. 16, 1871	23,273,114	52 633,689	——	16,633,026	5,635,000	28,741,375
Feb. 27, 1872	19,504,567	55,118,281	*U. S. cer-*	16,195,000	4.930.000	30,692,217
April 19. 1872	17,142,870	60,822,823	*tificates of*	13.909.000	3,190,000	29,883,416
June 10, 1872	18.040,028	78,001.259	*deposit.*	12,092,577	2,805,000	33,733,421
Oct. 3, 1872	8.279,613	59,356.810	$ 6,490,000	8,632,000	1,220,000	28,173,633
Dec. 27, 1872	17,068.954	57,358.477	12,300,000	5.560,000	775,000	30,074,456
Feb. 28, 1873	15,998.022	54,816,110	16,975.000	2,115.000	320,000	30,825,818
April 25, 1873	15,301,659	56,732.435	16,475,000	1.370,000	——	29,797,236
June 13, 1873	26,234,795	63,205,531	20,240,000	670,000		33,479,959
Sept. 12, 1873	17,796,781	50,067.935	18,360,000	175,000	——	30,074,965

It has long been complained that from the nineteen hundred banks outside of New York city a very large and unwieldy sum comes to the New York banks under this rule allowing such deposits to be counted as reserve. The Comptroller of the Currency,

in referring to the evils hence arising, said in his Report for 1872, that for most of the year, the amount is equal to more than one-fifth of the capital of all the country banks. In many cases these deposits amount to twice as much as the capital of the bank which deposits them. There are not a few cases in which country banks send into New York, three, four, and even five times their capital. This bad habit has grown up under the attraction of the high rates of interest on deposits which certain New York banks have for many years allowed to their correspondents. We shall hereafter show that in 1858 the perturbations from this cause were so generally acknowledged that forty of the forty-six banks then in the New York clearing house, signed an agreement "to allow no interest on deposits or balances of any kind, either directly or indirectly, provided all the banks composing the association shall concur." All did not concur, but from that day to this many of our strongest banks have steadily refused to allow interest on deposits. Similar attempts have been since made to establish the rule that all the clearing-house banks should stop interest on deposits. More than once, in time of pressure, these attempts have seemed on the point of success; but like the most recent of them, in November, 1873, they have, from the absence of unanimity, been finally abandoned, or at least postponed.

Another attempt to suppress the evils of these country deposits is suggested elsewhere by the Comptroller of the Currency in the Report just quoted. He proposed to prohibit all banks from extending their loans beyond three times the amount of their capital. This excellent provision is favored by the support of our best banking authorities. For some reason it has never found its way into any of the numerous finance bills of the session just closed. Meanwhile, as the Comptroller very justly says, the suspension of one of the banks which hold these masses of country bank deposits, if the failure should occur in a time of monetary stringency, would embarrass, if not ruin many banks in the redemption cities. And, to complete the disaster, the country correspondents of these redeeming banks would suffer in turn, so that it would be impossible to fix bounds to the circling wave of financial ruin which from many centres, would overspread the whole country. The remedy proposed by Congress to stop the growth of this notorious evil was very summarily rejected. This remedy consisted in prohibition, the usual resort of legislative incapacity. The country banks were to be forbidden to keep their reserves in New York. The third section of the abortive House bill required that each bank should, "within ninety days after the passage of the act, and thereafter, keep its lawful money reserves within its own vaults, at the place where its operations of discount and deposit are carried on." Had Congress been content with the simple enactment that the deposits in other banks should not be counted as reserves, it is possible that the provision might not have provoked so violent an opposition. In its stringent

shape, this reserve-prohibition raised up a powerful hostility altogether disproportioned to its relative importance. The friends and the foes of the bill puzzled each other with elaborate calculations as to the amount of "contraction" which would be produced in the active circulation of paper money, by the withdrawal of greenbacks from the city banks, and from the ordinary channels of commerce, into the vaults of the country banks.

Among these sterile discussions on minor points with vague data the public attention was dissipated and wasted while more important features of the successive bills were too much overlooked.

In all the most recently matured bills the banks were released altogether from the duty of holding a reserve against their circulation. Nominally a reserve of five per cent. was indeed required to be deposited in the United States Treasury. But this provision was neutralized by the Conference Committee, who slipped into their two bills the significant provision, that the five per cent. deposited in the Treasury should be counted as part of the reserve against deposits. It is not easy to see how this permission can be reconciled with the preceding provision that the five per cent. should be held and used for the redemption of the bank notes, and for that purpose "*only*." To get rid of the difficulty the Conference Committee struck out the word "only." This left the question doubtful, and by the whole bill, as it stood when finally passed and signed by the President, the reserves, whose ample magnitude has been the great bulwark of the banking system, are threatened, as we have said, with a sudden depletion, the importance of which it is impossible to over-estimate.

The other objection to the New Currency bill is that, like all the legislation proposed this session relative to our banking system, it has a tendency to inflation, which is by no means such a simple malady as some persons suppose. Much needless perplexity would have been avoided in discussing the inflationist tendency of the recent finance bills in Congress if a better analysis had been made of the nature of inflation. All the best authorities agree that inflation is a very complex phenomenon. When its character is clearly discriminated inflation may be found in three distinct forms. There is—first, *currency* inflation, which is caused by over-issues of the paper circulation. The next species is inflation of *credits*, which may be caused by the banks expanding their loans. This is the sort of inflation to which we referred above, as endangering the equilibrium of the banking machinery of the country by enlarging its superstructure beyond its basis, assimilating it to an inverted pyramid, and exposing it to the constant danger of instability and perturbation. The third species of inflation has been called an inflation of *confidence*, for lack of a better name. It consists of a specific excitement of the financial organism. If excessive, such an inflation of confidence often precedes a panic, and prepares the

way for it. But these three descriptions of inflation may exist in a variety of degrees. To one of them all legislative attempts at inflation must be referred if we wish to estimate the force which it would exert on the banking and monetary movements of the country. The difficulty is, as we often find, that a proposed change in the banking laws may be justly accused of threatening both inflation and contraction at the same time. The bill before us is an instance of this. This law declares the maximum greenback circulation $382,000,000. It abolishes the reserve on National bank circulation, except that greenbacks to the amount of five per cent. are to be deposited in the Treasury for redemption. This measure authorizes no new National bank notes, but it proposes instead to withdraw $55,000,000 of notes from those States which now have an excess, and to distribute these 55 millions among the States which have less than their quota.

How are we to find out whether this scheme is justly charged with inflation? Its advocates and opponents offer plausible arguments on both sides; and not a few men of large experience are inclined to believe that it is a task beyond the powers of man, to reach any certain conclusion on the subject. In support of this financial scepticism there is much to be said. But although mathematical accuracy is hopeless, still an approximate estimate may be reached and must be attempted. The analysis given above of the general processes of inflation suggests to us three simple rules. In the first place, we may ask, does this bill inflate the *currency?* secondly, would it inflate bank *credits?* thirdly, would it inflate public *confidence?*

Applying the first of these tests we see at once that in the provisions of the law we are examining, the greenback circulation is not increased, except so far as the reserves heretofore held against circulation shall be set afloat in the channels of the currency. The greenbacks are to remain at $382,000,000, which is the present sum. The bank note aggregate would also be the same as it is now. It would continue at the level of 354 millions, the distribution being changed of 55 millions, but no increase being made of the total amount of outstanding notes. So far as the first test of inflation is concerned, we may say that the New Finance law does not involve positive currency inflation, except indirectly by releasing the reserves.

Nor, secondly, does it seem to threaten credit inflation, for the banks of the Eastern States which have now more than their share of bank notes would be induced to contract their loans rather than to expand them; and this contraction may reasonably be expected to equal, if it do not exceed, the expansion generated by the new banks among which the withdrawn currency is proposed to be distributed. To illustrate this, let us divide the great system of the National banks into two parts, of which one comprehends the States having less circulation than their quota, while all the other States are ranged in the other section. We shall

easily see that in the former group of States there would be inflation, and in the latter contraction, and in both perturbation; which, while it lasts, is almost as formidable an evil.

This brings us to the third question touching the general *confidence*, which would suffer severely under any violent changes of the banking organism. The recent panic inflicted a violent blow upon the public confidence; and the financial machinery of the country is in a sensitive state. Hence, we cannot allow ourselves to anticipate that so great a change as is here proposed could be made in the distribution of banking facilities without a spasmodic depression of the vital energies of the Eastern section of the banking system, which would be feebly compensated by the slow and irregular expansion of the other part of the banking organism in the West and South. It is superfluous to remark that we are not opposing here the general claim of any States in the West or elsewhere for more banking facilities. Our aim is to discuss the merits of the bill before us, and to show how, in attempting to avoid one acknowledged form of inflation or of contraction, we should beware lest we fall into another. The law as it stands will probably repeat the effects of nearly all compromise measures, and will disappoint both the parties it was intended to harmonize.

Our space forbids any further exposition of the evils which have threatened the banking organism from legislation. Enough has been said to indicate the two objective points at which they were aimed. First, they attack the reserves which are the foundation of banking stability; and secondly, they tend to make the whole banking edifice topheavy; so that it shall lose, in this two-fold way, that stability and strength which are indispensable to the right discharge of its functions.

Quitting these dangers which have threatened that edifice from without, we pass next to another class of perils which threaten its integrity from within. The panic of September, 1873, brought into a clear light a number of these dangers, but it is to be feared that the lessons suggested by that disaster have been too much forgotten. In the report of the Clearing-House Association, which we gave in full in our last volume, pp. 425 to 437, an exhaustive diagnosis will be found of the chief banking maladies which brought on the financial convulsion. We need not discuss them here in detail. The chief point on which the Committee insisted was, that an unwieldy mass of deposits had been attracted into the New York Clearing-House banks. When the panic of 1873 began the sixty banks of that association held deposits to the amount of 200 millions of dollars. One-fourth of this sum was held in three institutions, all of which pay interest to their country depositors. Adding to these three banks nine others, it appears that their aggregate deposits were one hundred millions. Thus a dozen institutions held one-half of the aggregate deposits, while the other half were distributed among the remaining forty-eight banks, whose capital and reserve greatly exceeded the pro-

portionate capital and reserve of the twelve banks referred to. It was this unwieldy distribution of the deposits in a few banks;—and in banks too, that had not their proper proportion of reserve to meet a run—it was this that constituted one of the formidable perils of the Jay Cooke panic.

How the danger was met is told by the Committee. "The banks which found themselves in this dilemma had no alternative but to ask the assistance of their associates, and the conflagration was so rapid and violent that every consideration of sympathy, self-preservation and public spirit compelled the metropolitan banks to a unanimous and earnest co-operation. The majority that had for years conducted their business upon sound principles, and had patiently submitted to the loss of old accounts, drawn from them to their associates by the payment of interest on deposits and by other expedients, against which they had often protested, instantly responded to the call by placing their resources at command of those who had done so much toward producing the calamity. Making common cause, the weak with the strong, to avert a universal catastrophe, they "pooled" their greenbacks and issued certificates as in November, 1860. By this expedient the stronger banks placed themselves under the unequal burthen. They equalized the pressure by gathering in their resources and placing them at the disposal of the weaker banks, which were thus furnished with means to meet the demands of their depositors and to save themselves from disaster and ruin. Meanwhile the public confidence in the banks had become so much impaired that the legal-tender reserve was reduced from thirty-four millions on the 20th September, to five millions eight hundred thousand on the 14th October. Thus the drain amounted to twenty-nine millions, which is an aggregate of ready money never before paid out in the same time. Interior banks, whose ready means in hand had always been nominal, as their resources consisted chiefly of credits upon the books of interest-paying banks in the central cities, were under the necessity of calling back their deposits in greenbacks, and to these drafts of interior banks the associated banks were asked to respond," as well as to the demands of the timid dealers and the panic-struck public at home.

To this bold, prompt action on the part of the strong banks in the Clearing House in defense of their weaker brethren it was due that the crisis abated so soon, and it is difficult to see what other remedy could have been devised equally capable of averting the disaster. Here, we have another illustration of the tendency of modern finance to organize great masses of capital and powerful institutions of credit into one body—every member being dependent one upon another. This is seen not only in times of peril but in those trusts and functions, which the operations of the Clearing House daily impose, so that the entire body inevitably suffers from the errors and indiscretions of a single member. No bank can have any moral right to conduct its affairs with the public, in defiance of the general principles of its associates, or to

introduce private terms of dealing with its customers, in defiance or in conflict with the best interests of all. Bank officers have no right to be sordid competitors for patronage or mechanical laborers for dividends. They are servants of the public. They have duties to their stockholders it is true; but they are also in a more important sense trustees for the whole community. They are public administrators of great interests, which forbid the least departure from the honorable, broad principles that long experience has established.

During the panic of 1873 assistance was given to the weaker banks, as above described, in accordance with the precedent of the crisis in November, 1860, which was attended with equal success. A full report of the assistance given to the various banks in each of these crises has been prepared; but for obvious reasons it can not at present be made public. There was this farther analogy between the action of the Clearing House in 1860 and in 1873. In both panics the aid extended to the weaker banks was given on certain understood conditions. But there was this difference. In one case these conditions were promptly reduced to writing and published during the pressure of the panic; while in the other case the conditions were left for future elaboration by a Committee, after the pressure of the panic should have passed away. In 1860, at the meeting in November the conditions on which the weaker banks were allowed to participate in the benefits of being sustained by the superior reserves and credit of the stronger ones were expressed in the following resolution, which required each bank to increase its cash reserve to twenty-five per cent., on pain of expulsion:

"*Resolved*, That after the 1st of February, 1861, every bank in the Clearing-House Association shall have on hand, at all times, in specie, an amount *equal to one-fourth of its net liabilities*, and any bank whose specie shall fall below that proportion shall not make loans or discounts until their position is re-established; and we, as members of the Clearing-House Association, agree that we will not continue to exchange with any bank which shall show by its two successive weekly statements that it has violated this agreement."

This salutary rule of holding twenty-five per cent. of lawful money reserve has been kept in force and was never violated until last year. The fact of this long, steady persistence, is the best proof that can be adduced of the soundness of the principles on which this agreement of 1860 was based. A different plan was adopted in 1873. The Clearing House, at its meetings of 20th and 24th September, shrunk from the task of imposing any conditions upon the banks, as had been done in 1860 and attempted in 1858. It was believed, however, that the weaker banks would not refuse to ratify the reforms which might be agreed upon by the Clearing-House Committee. That committee did not report until November 11th, when the panic had passed

away. An unexpected opposition was developed to the reforms which the committee proposed to inaugurate. Their Report was referred to another committee, and nothing further has since been done. Much unwise recrimination has been indulged in, and some members of the Clearing House could see, in the proposed reforms, nothing but the breaking up of the Clearing-House Association. Others, again, deemed these changes wholesome, timely, and absolutely essential to strengthen the banks, so as to avert panics in the future or to resist them successfully.

With these mutual charges and recriminations we have nothing to do. Their interest with the public consists in their power for the weakening and disintegration of our Clearing-House Association, and in the fear that when another panic comes there will not be the same harmony, the same compactness of union, the same disposition on the part of the strong banks to help those which are weaker and worse managed. This is one of the most formidable perils of the future. Our city banks must now rely more on themselves, and less on the Clearing House, if they would tide over any future panic. We do not insist on this point because we see any reason to expect a return of the panic next fall. But monetary panics would lose their chief dangers if they never came unexpected. One great function of a banking system is to help the community to meet unexpected panics. Our Clearing-House banks must, therefore, prepare themselves for a more rigid scrutiny than heretofore. The public will look more closely after the reserves and the general management of the banks in consequence of the Clearing-House disagreement consequent on the events to which we have referred.

Several theories have been suggested as to the causes of this want of harmony, and of the failure of the latest project of Clearing-House reform. In the absence of any report from the second committee we have nothing official to oppose to these unauthorized theories. One of them declares that the first Committee of Nine did not succeed because it did not "strike while the iron was hot." It waited till the panic was over, and then it attempted too much. It should have acted more promptly, and should have been content with completing what was proposed in 1858. On that occasion the following resolution was approved by nearly every bank in the Clearing House. It was voted for by forty banks, approved in part by three banks, and opposed by a minority of only three of the forty-six banks composing the Clearing House. There is no doubt that a similar rule could have been passed unanimously last September if the Committee would have been content to have rested there, and to have proposed nothing further. The Resolution of 1858 was as follows:

"The banks in the City of New York, composing the Clearing-House Association, do hereby agree not to allow interest on deposits or balances of any kind, either directly or indirectly, provided all the banks composing such association shall concur in

this agreement. This obligation may be annulled only by a vote of two-thirds of the banks hereunto subscribing, at a meeting specially convened for that purpose, in pursuance of a written notice. And they further agree; that they will not hereafter vote for the admission of any bank to the New York Clearing-House Association until such bank shall have become bound by this agreement."

Now it is contended that if the Committee in 1873 had not been so heavily burdened with other work, and had had time to elaborate and adapt the foregoing resolution, and had proposed it at the outset of the Clearing-House action for the relief of the panic, that it would not have called forth a single dissentient voice, and its adoption by a unanimous vote which could not be easily revoked would have brought with it in the future all the other restrictions of which the conservative party were desirous. This policy would also have closed the door to the argument that part of the banks wished to place dictatorial powers in the Clearing House, alien to its functions and fatal to its permanent prosperity.

If our readers will take the trouble to refer to our reports on pages 425 and 590 of our last volume, they will see what the committee actually did propose, and how the project terminated. Essentially, the reforms contemplated by the committee are nearly all implied in the simple resolution given above. Hence it might seem the part of prudence to have been content with adopting that simple rule of 1858, and to have left subordinate reforms to take care of themselves.

Another party contend that the six new rules and the Reformed Constitution proposed by the committee and rejected by the Clearing-House Association are all so bound up with each other as to form a compact arch, the removal of one stone involving the ruin of the whole. We believe the majority of the Clearing House were and are in favor of compromise. And it has been hoped that the second committee will be able to restore concord and harmonize dissentient opinions. This committee, who now have charge of the report, consist of the following ten bank officers: Messrs. Kitchen, Park Bank; Vail, Bank of Commerce; Hayes, Union Bank; Berry, Tradesmen's Bank; Duer, Bank of the State of New York; Castree, Irving Bank; Buell, Importers and Traders' Bank; Chandler, Mechanics' Bank; Jordan, Third National Bank; Schreiner, German-American Bank. To these gentlemen the public look for such wise action as shall prevent future panics, or provide means for stopping them. On the committee it depends, to a large degree, whether proper steps shall be taken to strengthen the Clearing House, and co-ordinate the resources of the New York banks. If the committee fail in this duty, and mischief follow, they cannot hope to be held free of blame.

THE FRENCH INDEMNITY.

By Dr. Marsland.

With the exception of the vast operations of the United States Treasury during the civil war, no government achievement in finance has commanded, for half a century, more public attention on both sides of the Atlantic than the payment of the indemnity of five milliards by France. Never in modern times, has so heavy a forfeit been imposed on a beaten enemy. The four months campaign, which ended at Sedan, is computed to have cost the French, in one way or another, an outlay of $ 2,000,000,000 or ten milliards of francs. In 1815, after the battle of Waterloo, the indemnity exacted of France amounted to no more than 700 millions of francs. Adding the other expenses, the amount of the whole scarcely exceeded 1,100 millions of francs, including the pay of the army of occupation and incidental disbursements, with the interest on advances. At that time five years were allowed for the total payments, and at the end of three years the territory of France was evacuated, although 265 millions of francs were then due. For this unpaid balance easy terms of liquidation were granted, one hundred millions of francs being accepted in rentes and one hundred and sixty-five millions in notes payable from month to month, and guaranteed by Messrs. Baring and Hope, the bankers who conducted that negotiation.

The recent German negotiation was attended by no such leniency. It was rigidly adjusted by cash payment. No credit was granted for any part of the five milliards. The whole sum due to Germany, which amounted to 1,000 millions of dollars, with interest and expenses, had to be paid in coin or its equivalent before the last Prussian was suffered to quit the soil of France. As we have said, the payments to Germany amounted to more than the simple sum stipulated in the treaty. Besides the principal of five milliards of indemnity agreed on, further sums had to be paid for the support of the army of occupation. Counting, moreover, the contributions levied by the Germans on various French departments during the war, and the 200 millions of francs from the City of Paris, the aggregate would be one milliard more to be paid in coin; except, indeed, that 325 millions were allowed by the Prussians in purchase of the railroads of Alsace and Lorraine. We must except also the 100 millions of notes of the Bank of France, which the Prussians consented to take in place of an equal amount of gold. Deducting these items the total payments of gold and silver, which passed between the two countries were five and a-half milliards, or 1,100 millions of dollars. This large sum of coin or its equivalent, had to be paid by France within the short space of two years.

Prince Bismarck is said to have recently expressed surprise that France was able to pay this stupendous fine so promptly and with so little apparent exhaustion. There was good reason for the Chancellor's surprise.

We had no precedent to show us beforehand whether the banking machinery of Europe was elastic enough to bear such an addition to the general operations of European finance. Two results were freely predicted. It was thought that France would be drained of all her specie, which was expected to flow to Germany and stay there. In anticipation of this the German Government decided to adopt a new imperial coinage, and the mints were long kept in constant operation coining the new pieces. Secondly, it was supposed that the BANK OF ENGLAND might be able to intercept and retain a part of the coin which, in large masses, was expected to be set in motion from France and other countries towards Germany, in consequence of these unprecedented operations in specie. Hence, in England a lively discussion sprang up as to whether it might not be well, on many accounts, that the BANK OF ENGLAND should take advantage of the opportunity, and raise the level of her coin reserve to 25 or 30 millions sterling. Such an increase of the reserve has long been agitated. Every year it is more necessary because of the rapid growth of the deposits of the banks in London, which rely almost wholly on the BANK OF ENGLAND for their coin reserves. Estimating the aggregate deposits at 150 millions sterling, it is evident that a reserve of 30 millions would be but 20 per cent. This will appear by no means an excessive percentage of reserve when we remember that the BANK OF ENGLAND is now the only centre for the clearing of the operations of European commerce, and holds the only stock of coin available for the purpose of carrying on these stupendous payments. The bank, however, is a private corporation, and whether it is bound to hold, at its own cost, so large an extra reserve is questioned. The other banks which partake of the benefits of this reserve should, in equity, bear a part of the expense. Such is the argument. Meanwhile, little has been done to replenish the coin reserves, and the whole question will, perhaps, be investigated at an early day by a royal commission or a Parliamentary committee.

In a practical form, this question did not present itself for solution by the bank authorities, and this for the simple reason that France was not drained of much specie, but was enabled, in some other way, to pay all she owed to Germany. The methods by which this payment was accomplished are well worthy of a closer analysis than they have yet received, either here or in Europe. Three different theories have been invoked to explain the ease with which these payments seem to have been made. First, we are told that France held ten milliards or thereabouts of foreign securities, part of which were dislodged from French hands and their place taken by the new rentes. This theory was first started in this country. It owed its origin to the fact that some bonds

American railroads, known to have been held in France, were found, in considerable amounts, offering themselves for sale in England and here. This fact suggested inquiry, which was rewarded by the discovery that France was exporting securities, as well as goods, to a large amount, so that the balance of exchanges was in her favor and she was actually importing gold during the whole period over which the indemnity payments extended.

Another view was advanced by the *London Economist.* This theory assumes that the French people paid these six milliards out of their surplus earnings, but makes no attempt to explain how it came about that the international exchanges were not deranged, nor the currents of the precious metals more perturbed; which are the chief points that needed clearing up.

A third explanation was given by M. Victor Bonnet in the *Revue des deux Mondes.* He showed that the annual income of France is 18 or 20 milliards, which allows 500 francs for each inhabitant, On this estimate the six milliards of indemnity dislodged one-third as much as the gross annual income of France. But this stupendous sum was not carried off in cash. The Germans took it away in the shape of bills, which were liquidated by means of foreign credits. Securities were sent to England and other foreign markets, while France supplied the vacuum thus caused in her own investment market by substituting new rentes created for the purpose. These new rentes imposed future burdens on the French Government, but relieved them from present embarrassment, and cost them nothing except the annual interest. The yearly burden of interest imposed by the whole debt, as it stands to-day, represents but five per cent. of the annual income of France, and ten per cent. of that income will cover the whole expenses of administration, including interest, sinking fund, army and navy, with all other government disbursements of every kind. France is thus better off now than England was in 1815, says M. Bonnet, "for the British debt at that time imposed a burden of nine per cent. of the annual revenue of the people, and the whole budget cost them 18 per cent." As these burdens did not hinder the English people from presenting a bold front to their difficulties, from paying off part of their debt, and developing their prosperity to the magnificent proportions of to-day; so, this writer argues, France may hope to do the same, with even more ease.

It will be observed that there is a perfect harmony between these three hypotheses. They are quite compatible and resemble each other as three views of the same object from different points. The first theory which examines the phenomena from the point of view of the exchanges, is extremely suggestive. No international transaction of such magnitude has ever taken place under the same conditions. When Mr. Göschen brings out the next edition of his admirable book on the Exchanges we hope he will devote a new chapter to the analysis of the phenomena developed here and in Europe, by the payment of the French indemnity.

As to the second theory, which affirms that France paid the six milliards out of her savings since the war, it is not without a plausibility. For nobody who has traveled in France can be ignorant that while she is rich in resources her people are extremely frugal. Sir Robert Peel, speaking in 1841 on this subject, with a French statesman, gave it as his opinion, that "in England there is one man in every five who spends all he gets; but that in France not one in forty does so, the other thirty-nine lay something by." The diplomatist, struck by this remark, from so well-informed a source, determined, when he went back to France, that he would investigate this question for himself. He did so and found that it was true of the agricultural population, that it was untrue of the mechanics, and especially of such as earn high wages. As to the masses of the inhabitants, and more particularly throughout the farming districts, this gentleman reports that the spirit of economy controls the habits of the French people just as Sir Robert Peel had said. His statements are corroborated by a multitude of competent witnesses, whose evidence we need not at present discuss. It may hereafter be found worthy of examination with a view to illustrate some other economic questions, which are commanding attention here and in Europe.

We next pass to the third hypothesis, which is that of M. Bonnet. He attributes the ease with which the indemnity has been paid to the prodigious development of the productive power of the French people. During the last twenty years the foreign commerce of France has tripled its volume. Favored by climate, soil and agricultural skill, that rich territory teems with abundance. Moreover, her marvelous skill in manufacture and industrial invention has opened to France many new markets all over the world. By the inventions of modern science, by her magnificent system of 7,700 miles of water communication and 9,000 miles of railroad, by her telegraphic, banking and other facilities, she has given to her productive powers such an accelerated energy that in all directions the eye of the traveler can discern tokens of extraordinary growth. The Bank of France does five or six times as much business now as in 1850. By the side of this great institution, which provides monetary facilities for commerce and floating capital for industrial enterprise, there is, in France, an organized system of credit adapted to the wants of farmers. In this country we greatly need similar organizations to furnish capital to our Western agriculturists. Their cry for new banks indicates the want of capital. Sooner or later this need will create some adequate credit organization by which more capital may be placed within the reach of our country farmers, who need it for remunerative improvements and can give good security. Banks, however, are not so constituted as to meet this want of fixed capital for the improvement of farms. Our Western and Southern farmers who clamor for more banks should study the growth of the French system of agricultural finance. We can here do no more than just indicate that the Credit Foncier of France aims to supply to

agricultural progress facilities as to capital and credit, and that with improvements and modifications this system is capable of rendering to farmers similar aid to that which banks give to merchants, manufacturers, and moneyed men. France being more given to agriculture than England, has developed this side of her financial machinery to much higher perfection than any other European country. We know of no more promising field of distinction for our ambitious financial students than is presented in the French system of agricultural finance. By investigating the conditions on which it might be transplanted to the United States, our economic writers may do much to aid in the solution of certain financial problems, which are just now more pressing in this country than ever before.

M. Bonnet has left out of his calculation several important elements in the productive power of France. One of these we may mention. It is the use of steam engines, which are computed to add to the productive power of France the equivalent of the labor of 400 millions of men, or ten times the aggregate of its present population. Without dwelling upon this point, however, or attempting to co-ordinate the relative value of the other industrial forces which have made France so rich in wealth, and so strong to bear financial burdens, we may say, in brief, that M. Bonnet computes the excess of the industrial earnings of the French people over their private expenditure, at three milliards, or $600,000,000 a year. These savings had been invested to some extent in foreign securities; of which prior to the war the French people held, he says, ten milliards of one sort or other. How much of this foreign debt has been liquidated he does not attempt to discover. He also errs in relying too implicitly on the customs returns showing the gold exports from France to be so much smaller than the imports. But there is no doubt that whatever other mistakes M. Bonnet may have made, he is quite right in believing that several milliards of foreign securities known to have been held in France, have played an important part in maintaining the equilibrium of the foreign exchanges, and in preserving the stability of the paper money, during the transmission of so vast an amount of capital from France to the coffers of Germany.

Without dwelling however upon the suggestive and ingenious views of this writer, we pass next to the specific details of the various loans by the proceeds of which the indemnity was paid.

Of these an interesting account has been prepared by M. Alphonse Courtois, a well-known statistician of Paris. It throws much light both on the financial aspects of the Franco-Prussian war, and on several important questions touching the comparative cost of the various wars in which France has been engaged during the last sixty years. The French debt, like our own, consists of two separate parts—the floating debt, and the funded debt or *rentes*. It is to the latter that M. Courtois has given attention. His table is subjoined:

LOANS OF THE FRENCH GOVERNMENT SINCE 1814.

	Date.	Price.	Denomination.	Aggregate annual interest.	Total cash received.	Face value bonds sold.	Interest on investm't.
1	1816-17	57 26	Fives.	6,000,000	69,763,000	120,000,000	8·73
2	1817	52 50	....	9,090,909	95,454,546	181,818,181	9·52
3	1817	55 50	....	8,620,689	95,689,655	172,413,780	9·01
4	1817	64 50	....	2,000,000	25,800,000	40,000,000	7·75
5	1817	61 50	....	9,000,000	110,700,000	180,000,000	8·13
6	1817-18	67 60	....	1,288,402	17,420,613	25,768,040	7·39
7	1818	66 50	....	14,925,500	198,509,150	298,510,000	7·52
8	1818	67 00	....	12,313,433	165,000,000	246,268,660	7·46
9	1821	85 55	....	9,585,220	164,003,114	191,704,400	5·84
10	1823	89 55	....	23,114,216	413,980,985	462,290,320	5·58
11	1830	102 07½	Fours.	3,134,950	80,000,005	78,373,750	3·92
12	1831	84 00	Fives.	7,142,858	120,000,014	142,857,160	5·96
13	1831	100 00	....	1,021,945	20,438,900	20,438,900	5·00
14	1832	98 50	....	7,614,213	150,000,000	152,284,260	5·07
15	1841	78 52½	Threes.	5,730,659	150,000,000	191,021,966	3·83
16	1844	84 75	....	7,079,646	200,000,000	235,988,200	3·54
17	1837-45	100 00	Fours	8,092,647	202,316,175	202,316,175	4·00
18	1847	75 25	....	2,569,413	64,450,878	85,647,100	3·99
19	1848	71 60	Fives.	1,828,387	26,182,080	36,567,740	6·98
20	1848	75 25	....	13,107,000	197,260,350	262,140,000	6·64
21	1848	46 40	Threes.	15,694,360	233,228,653	523,145,333	6·45
22	1848	71 60	Fives.	19,620,808	280,969,971	392,416,160	6·98
23	1848	69 00	....	447,476	6,162,441	8,949,520	7.24
24	1848	45 00	Threes.	11,869	178,035	395,633	6·66
25	1848	71 83	Fives.	6,817,349	97,951,665	136,346,972	6·96
26	1854	92 50	4½	4,550,640	93,541,085	101,125,333	4·86
27	1854	65 25	Threes.	7,159,590	155,721,085	238,653,000	4·59
28	1855	92 00	4½	8,052,120	164,621,120	178,936,000	4·89
29	1855	65 25	Threes.	15,857,530	344,901,226	528,584,333	4·59
30	1855	92 25	4½	4,389,760	89,990,080	97,550,222	4·87
31	1855	65 25	Threes.	31,699,740	689,469,352	1,056,658,000	4·59
32	1857	69 17	....	441,176	10,169,107	14,705,867	4·34
33	1857	75 00	....	4,000,000	100,000,000	133,333,333	4·00
34	1859	60 50	4½	573,710	11,474,200	12,749,111	4·00
35	1859	90 00	Threes.	25,199,660	508,193,678	839,988,666	4·95
36	1857-61	69 10	....	7,942,315	182,947,678	264,743,833	4·34
37	1862	66 49	....	12,092,520	268,000,000	403,084,000	4·51
38	1864	66 30	....	14,249,339	314,910,392	474,977,965	4·53
39	1868	69 25	....	19,514,315	450,456,720	650,477,166	4·33
40	1870	60 60	....	39,830,119	804,568,400	1,327,670,633	4·95
41	1871	82 50	Fives	138,897,640	2,291,811,060	2,777,952,800	6·06
42	1872	84 50	....	207,026,310	3,498,744,639	4,140,526,200	5·92
	Total..			737,318,733	13,164,980,039	17,629,378,516	

Up to 1872, as appears from the foregoing figures, which are taken from official records, the war with Germany had increased the funded debt of France by an aggregate of 8,246,149,633 francs, or 1,649 millions of dollars. Of this sum, Germany received as above stated more than a thousand millions of dollars in cash; and the published statements, given to the Reichsrath, report the actual cost of the war at $278,000,000.

On this showing the profit won by the Germans from the contest begun by Napoleon's invasion of their territory in July, 1870, has been computed at 800 millions of dollars in cash. To this sum must be added the value of the annexed provinces of

Alsace and Lorraine, whose taxation contributed to the revenue of France 80 millions a year, while their real and personal estate has been estimated at 1,200 millions of dollars or two-thirds as much as the war added to the French debt. When the floating debt is completely funded, the aggregate of the public debt of France will probably reach 4,200 millions of dollars, involving an annual burden of 170 millions of dollars. Referring to the statistics given above we see that since 1814 the government loans have amounted to 17,629 millions of francs, on which the interest or annual rente is 737 million francs. At the fall of the first empire in 1814 the old rentes were 63,363,745 francs a year, so that the funded debt is 19,720,360,101 francs, or nearly 4,000 millions of dollars, while its annual interest is 800,682,478 francs, or 160 millions of dollars a year.

Another point on which M. Alphonse Courtois gives interesting information is, as to the fluctuations which the credit of France has sustained during her troubles. There is something wonderful in the elasticity with which the public credit has borne up under the pressure of loans of such unprecedented magnitude. Our two last Secretaries of the Treasury, whose funding loans are regarded as the most costly operations ever negotiated for this country in time of peace, may, perhaps, be surprised to learn from the last column of the foregoing table that the great French loans of 1870, 1871, 1872, respectively, brought to the investors no more than 4.95 per cent., 6.06 per cent., and 5.92 per cent. We may search the records of European finance in vain for an illustration equally striking of the amazing elasticity of modern credit. These loans also set in an impressive light the monetary growth of France during the reign of Louis Napoleon. In the revolution of 1848 the Republic could not borrow except at much higher rates. Nay, if we look back to the peaceful times of the Restoration, we find that Louis XVIII was unable to raise the small loans which stand at the head of the previous page, without paying the extraordinary rate of seven or eight per cent.

A curious and suggestive variety of opinions have been offered as to the causes of these fluctuations in the public credit, and of the extraordinary progress apparent since 1851, both in the financial strength, industrial stability, and productive power of France. Thomas Tooke, in his *History of Prices*, attributes it to the extension of the railroad net-work, and to the development of credit organizations, such as the BANK OF FRANCE, which is, and has been for a quarter of a century, superior in its management to almost any other bank in the world. Mr. Tooke also ascribes much of the improvement to the gold discoveries of 1848 and to that tidal wave of financial stimulation which has ever since poured itself over England, France, and Germany, as well as the rest of the commercial world.

M. Chevalier and many other writers have further elaborated this theory; but some of them show, of late, a disposition to be-

lieve that France may by renewed efforts obtain a larger share of the benefits of this general extension of trade throughout the continent of Europe. M. Desseilligny, the French Minister of Commerce, goes further than this, and has lately prepared a report to show that France should be able to compete with England in the most distant markets. He gives elaborate tables of the exports at different periods from France, England, Belgium, Italy, and Holland, to each of the five great divisions of the globe. Those from Germany, Switzerland, and Austria, are not included, both for other reasons and also because the returns published by those countries do not furnish bases for a comparison with the trade of France. The general results of French commerce the Minister admits to be satisfactory, as, after deducting corn, certain articles of raw material, cotton, wool, and silk, re-exported after importation, the exports in 1873 showed an increase of 756 millions compared with 1869. France, Italy, Belgium, and Holland, have their principal markets in Europe; while England, besides having a large share in the trade of the Continent, is not limited to this field, but extends her commercial relations on a very large scale to other parts of the world whither her neighbors only send an insignificant quantity of their productions. M. Desseilligny admits that the commercial predominance of England out of Europe is due to her colonies and trading stations in Asia, Africa, and Oceanica, and also to her large mercantile navy, but he is desirous of conferring like advantages on France, by some artificial means to be procured by legislative aid.

The most important features of this report are its tables, which show that the exports of France amounted in 1865 to 3,088 millions, of which Europe received 2,304 millions, Asia 13¾, Africa 245, America 458½, and Oceanica 7½; in 1872 the total reached 3,761 millions, of which Europe took 2,682, Asia 25, Africa 228, America 820, and Oceanica 6. With the exception of America, the trade to ports out of Europe had remained almost stationary or had declined, while that of England had increased with Europe from 1,589 millions to 2,680, with Africa from 254 to 357, with Asia from 714 to 900, with America, 1,228 to 2,084, and with Oceanica from 359 to 381. With respect to Holland, her trade with Oceanica increased in those seven years from 57 millions to 73; that with Africa and America shows a very small increase, and that with Asia diminished by one-half; the exports of Italy to Africa rose from 7 millions to 28, and with America from 45 millions to 89. In view of these facts, the Minister asks whether France should remain a stranger to the trade of Africa, the extreme East, and Oceanica, to which her geographical situation seems to invite her, especially since the opening of the Suez Canal. To examine that question he proposes to appoint a commission of competent men, before which would be placed all the documents the Government has at its disposal. The report is countersigned by the President for approval, and a commission of twelve members is appointed, comprising the names of M. Ozenne, of the

Ministry of Commerce; M. M. Passy and Bonnet, deputies; M. Leroy-Beaulieu, editor of the *Economiste Francaise;* and other gentlemen of economic and statistical reputation, from whose labors we may expect an interesting practical analysis of the chief causes of the material progress of France in the past, as well as its prospects in the future.

Mr. Edward Young, of the Bureau of Statistics at Washington, has given, from official data, a view of the commercial growth of France in his report just issued. The figures he has compiled show that the total foreign commerce of France has increased 20 per cent. since 1869, the last year before the war. The details are subjoined:

FOREIGN COMMERCE OF FRANCE, 1869 AND 1873.

	Imports, francs.	*Exports, francs.*	*Total, francs.*	*Total in dollars.*
1869 ..	3,150,000,000 ..	3,075,000,000 ..	6,228,000,000 ..	1,245,600,000
1873 ..	3,600,178,000 ..	3,926,895,000 ..	7,527,073,000 ..	1,505,414,600
Increase.	447,178,000 ..	851,895,000 ..	1,299,073,000 ..	259,814,600

From these figures the re-exports of the "transit trade" have to be deducted, in order to get a correct account of the imports for consumption. We also deduct the grain movements, the fluctuations of which depend on the seasons and on other circumstances not connected with industrial or commercial prosperity. The following table represents these deductions:

	Imports. 1873.	*Imports.* 1869.	*Exports.* 1873.	*Exports.* 1869.
Cereals	206,000,000 ..	56,000,000 ..	158,000,000 ..	69,000,000
Cottons	75,000,000 ..	75,000,000 ..	75,000,000 ..	75,000,000
Woolens	95,000,000 ..	44,000,000 ..	93,000,000 ..	44,000,000
Silks	114,000,000 ..	156,000,000 ..	114,000,000 ..	156,000,000
Total ...	490,000,000 ..	331,000,000 ..	440,000,000 ..	344,000,000

When we have thus made the deduction we shall find the real industrial development of France, as represented by her foreign exports of produce and by her imports for consumption, as follows:

ACTUAL GROWTH OF FRENCH COMMERCE.

	Imports, francs.	*Exports, francs.*	*Total, francs.*	*Total in dollars.*
1873 ..	3,110,000,000 ..	3,487,000,000 ..	6,599,000,000 ..	1,319,800,000
1869 ..	2,822,000,000 ..	2,731,000,000 ..	5,553,000,000 ..	1,110,600,000
Increase.	288,000,000 ..	756,000,000 ..	6,046,000,000 ..	209,200,000

It thus appears that since the war an increase of nearly 20 per cent. has been made in the foreign commerce of France, notwithstanding the loss of Alsace and Lorraine. The total increase has been 1,046 millions of francs, or $ 209,200,000, of which $ 151,400,000 are exports, and $ 57,600,000 are imports. The principal articles of import in which the increase is exhibited are

either machinery or raw materials for manufacture. Thus we find cotton yarn and piece goods 34 million francs; pit coal 36 million francs; raw hides, 29 millions; table fruits, 22 millions; metals, 30 millions; machinery and mechanical appliances, 12 millions. As to the exports, the excess is largely distributed among the commodities on which labor is profitably employed. Thus cotton yarn and piece goods amount to 84 million francs; silks, 74 millions; metal goods, 62 millions; leather manufactures, 31 millions; pottery and glassware, 26 millions; refined sugar, 43 millions; native sugar, 33 millions. To show the development in the export trade of France since 1865, Mr. Young gives the following table:

TOTAL FOREIGN EXPORTS OF FRANCE, 1865 TO 1872.

	1865.	1869.	1872.
Europe	2,363,461,000	2,304,361,000	2,682,175,000
Asia	13,769,000	25,964,000	25,282,000
Africa	245,065,000	217,172,000	228,059,000
America	458,598,000	522,829,000	820,287,000
Oceanica	7,482,000	4,614,000	5,820,000
Total	3,088,375,000	3,074,940,000	3,761,623,000

As to the growth of the domestic trade of France, since the war, there are no statistical data to form the basis of comparison, but that it must have been almost if not quite commensurate with the expansion of the foreign commerce is proved both by the ease with which the new taxation has been borne, and by other circumstances. Of France, therefore, we may say, as Macaulay said of England, that those "who predicted so confidently that the nation must sink and its energies be borne down by the weight of the public burdens, were beyond all doubt under a two-fold mistake. They greatly overrated the pressure of the burden; they greatly underrated the strength by which the burden was to be borne!

Some intelligent illustrations of this progress have lately been published by M. Bailleux de Marisy, who compares the disasters of 1870 with those of 1848. The latter, he says, were infinitely less than the former in their financial magnitude and pressure. How comes it then that while France required two years and more to react from the shock of 1848, she recovered in a few months from the shock of 1870 and 1871? This question M. de Marisy answers by laying before us the schedule of the securities dealt in at the Bourse of Paris. For 1848 the list is very small, comprising few securities worth noting, except the rentes, the shares of the BANK OF FRANCE, the obligations of the City of Paris, and a few French railroad securities. In 1870 the official list of the Bourse is found extending itself to the magnificent proportions of four pages in quarto. It comprehends not only the various classes of securities of all the great lines of French railroad, and of a multitude of industrial corporations all over the world, but it adds to these the government securities of

Austria, Russia, Italy, Egypt, Spain, Portugal, and the United States. In 1848 no foreign railway securities whatever were sold at the Bourse. In 1870 scarcely a single European railroad was not represented in the regular dealings. So wide are the ramifications of French finance that, of the 6,773 millions of francs of capital which the European railroads had cost, one third, or 2,300 millions, was held in France.

"These eloquent figures tell the whole story," says M. de Marisy; "France was prodigiously richer in 1870 than in 1848, and she had an organized system of finance which enabled her to shake off the effects of her disasters, and to make these very disasters the germs of future progress."

Without pursuing the argument further, it is easy to see that all these facts converge towards one point. They ascribe the recuperative strength which France has exhibited under the pressure of her recent political and financial troubles to the development of her financial and industrial organization. Now it is as true in finance as in physiology, that the higher the scale of organization the quicker are the recuperative processes. That France recovered in 1870 more swiftly than in 1848 is an illustration of this great principle. But such a high organization of industrial and financial life has its compensatory disadvantages. A few days put every railroad centre of France into the hands of the German invader, and the whole country lay prostrate and helpless at his feet. What new complications might have been developed had not the terms of indemnity been accepted, we cannot tell; nor is it necessary to inquire whether any efforts and any sacrifices on the part of the French could have rid them of the Germans, except Russia or Austria, or some other ally, could have been induced to attack the Germans in the rear. What is certain is, that if the exquisitely developed financial system of France conferred on her an amazing power of swift recovery from the ravages of the enemy, the same system made her more sensitive to those ravages, more vulnerable in war, and more easily paralyzed by the invasion of a hostile army. Among the forces with which modern civilization is modifying the art of war a place must be given to those financial forces to which we have referred, and which are perhaps destined hereafter to make war impossible and to bind all the nations together in the everlasting bonds of mutual commerce and perpetual peace.

It has been a matter of surprise in this country that the pressure of the taxes and of the debt have never elicited from the French people the faintest whisper of repudiation. "Why," it has been asked in England and in this country, "why should we not apply a sponge to the public obligations, or get rid of the burden at one stroke." Such a question, so far as we know, has never once been asked in France. The Napoleonic principle of popularizing the loans of the Government rendered repudiation impossible. Ever since the early loans of the second Empire, the numbers of the

proprietors of rentes have so rapidly increased that the debt of France was held in January 1, 1867, by 1,095,683 persons, who averaged $ 2,000 each. A notable contrast is offered by the centralization in few hands of the National debt of Great Britain. Its aggregate of 3,850 millions of dollars was held in 1865 by only 126,331 persons, giving a share of more than $ 30,000 to each holder. Five years previously the National debt of Great Britain was held by 268,242 persons, of whom 94,560 received not over $ 25 a year; 43,845 received from $ 25 to $ 50; 86,808 from $ 50 to $ 250; 22,516 from $ 250 to $ 500; 12,787 from $ 500 to $ 1,000; 3,646, $ 1,000 to $ 1,500; 2,417 $1,500 to $ 2,500; 1,091, $ 2,500 to $ 5,000; 361, $ 5,000 to $ 10,000; and 210 holders received over $ 10,000 each. As to the public debt of the United States it is uncertain how many persons hold the bonds, or how their number varies from year to year. Our government securities are to a large extent coupon bonds, transferable by simple delivery. The French have no bonds of this description, their rentes bearing more resemblance to our registered bonds. Every holder of rentes has his name inscribed in the *Grand Livre* of the public debt so that their number is always known. No official report has been made since the indemnity loans, and a great part of the new rentes has been held abroad. These securities are gradually returning to France, and the number of public creditors is probably very little below two millions.

This increase in the number of French proprietors of rentes is the more probable from two circumstances: First, the report of the French Savings banks has just been issued, and affords evidence that the depositors are drawing their money from Savings institutions to put it into rentes. This movement, with others of a similar character, accounts for the increased number of small holders, which had previously been suspected and is now proved Secondly, it is well known that there is among the French people of moderate means a sort of mania for two kinds of property, which are believed to confer more dignity and honor than deposits in Savings banks and other humble investments. The two favored classes of property are the family homestead, and secondly the rentes. To have their names in the *Grand Livre* is an honorable distinction which patriotism and public necessity have combined to extend among all classes of the people. There are in France nine millions of families; of which one million before the war were in easy circumstances, and three millions were inhabitants of towns. In England the town population has risen since 1720 from one-fourth to four-fifths. In France it is about two-fifths of the whole population, which approaches the proportion of the United States.

Real estate in France is more evenly distributed than here. Statistics show that there are six millions of houses in France, most of them being freeholds cultivated by their owners. We mention these suggestive facts to prove the wide diffusion of wealth among the French people, and to illustrate some of those

great moral forces which have sustained the credit of the French rentes, and still protect that credit against the cry of repudiation. In another article we propose to show the relation of the indemnity payments—first, to the BANK OF FRANCE, which has so admirably disbursed them; and, secondly, to the Treasury of the German Empire, which, in receiving these vast sums, has been so judiciously managed as to avert all serious disturbance of the European Exchanges.

THE TREASURY CRISIS.

The President has begun the work of restoring the country to its normal integrity. In the steps which he has taken he is cordially supported by the majority of intelligent people, and by the overwhelming weight of the monetary interests of the nation. There may be an adverse majority in some parts of the West; but it is nowhere composed of the reflective and well-informed classes. There are many members of Congress who stand in opposition to the principles announced by the President in his veto message of April 22d, and in his conversation with Senator JONES (see page 30); but we have yet to see the first evidence that a single one of these has ever been a student of political economy, or is well read enough in financial history to quote its best lessons, or to illustrate, even at second hand, the simplest elementary principles of monetary science. Their highest conception of it seems to be that it is nothing more than a headlong steeple chase of experiments.

The President has not occupied any obscure or doubtful position on this subject. He has not acted hastily. He has waited patiently for Congress to take the initiative. In his annual message of December, 1869, he said in reference to irredeemable currency:

"It is an evil which I hope will receive your most earnest attention. It is a duty, and one of the highest duties of the government to secure to the citizen a medium of exchange of fixed, unvarying value. This implies a return to a specie basis, and no substitute for it can be devised. *It should be commenced now.* . . I earnestly recommend to you such legislation as will ensure a gradual return to specie payments, and put an immediate stop to fluctuations in the value of currency."

In his veto message of April last, he said of the bill which proposed an increase of the paper currency:

"The theory in my belief is a departure from the true principle of finance, National interest, National obligation to creditors, Congressional promises, party pledges by both political parties, and of the personal views and promises made by me in every annual message sent to Congress and in each inaugural address."

Could words be plainer than these? It is only after repeated exhortations and warnings continued through six years, that the President, finding it impossible to move Congress to the work, puts his own hand to it, and tells that impracticable body what is to be done. His plan is brief. It is wisely indicated in general terms which will admit of modifications:

First. That the legal-tender clause be repealed, the repeal to take effect on the first day of July, 1875.

Second. That the legal-tender notes shall be redeemed in specie on and after the 1st day of July, 1876.

Third. That after the first day of July, 1876, all taxes shall be paid in gold, or in United States notes, *i. e.*, in the legal-tender notes so long as these shall continue to circulate.

Fourth. This would force redemption on the National banks.

"With measures like these," the President concludes, "or measures which would work out such results, I see no danger in authorizing free banking without limits."

A supplementary part of his plan, not connected with the act of resumption, proposes to restrict the issues of paper money to denominations not lower than twenty dollars.

The time set for the adjournment of Congress (June 22) allowed but eighteen days for the consideration of any new plan; and it was apparent that the main subject would be thrown over to the next session. There was no reason, however, why the first proposition of the President should not have been adopted—to repeal the legal-tender clause, the repeal to take effect on the first day of July, 1875—no other reason than this, that it would *mean* something. The country has substantial cause to complain; we are now at the end of another session of Congress, which has extended through seven months, and not the most immaterial step is taken to relieve it from the embarrassments which weigh down all its industries, and sink it in the slough of demoralization. But does the President's plan necessarily fall dead? We are disposed to think not. The nature of the case is such that a certain process will be going on in the popular mind which may prove scarcely less effective than the enactment of a positive law. The President has named the first of July, 1876, as the day on which he "would like to see" the redemption of the legal tenders begun. What that means we may infer from what he has done already. He has killed all inflation schemes in Congress, and his veto awaits any bill that does not embody the principles set forth in the two documents to which we have referred. The proverb, "A thing begun is half done," will doubtless be exemplified in this case. Contracts made after the present date with conditions running beyond two years will have the gold clause inserted; or, whether the conditions extend to that time or not, they will be modified by the correspondence of price with the specie medium; and thus there will be a gradual process of conformity going on, which will promote the ultimate end. The President himself is

alive to this point. He observes that, "instead of calling the paper dollar a dollar, and quoting gold at so much premium, we should think and speak of paper as at so much discount; and this alone will aid greatly in bringing the two currencies nearer together at par."

The President's plan of resumption, looked at on its best side, that is, with the contingencies to which it is liable working in its favor, might probably bring us so near to the desideratum of specie payments, as to expose broadly the real errors in our system which must be removed before we can reach it. It looks to us like a very bold military diversion. He may suppose it to be quite possible by the sale of bonds to accumulate the amount of gold necessary to redeem the whole amount of government currency on the first of July, 1876. Let that be granted. The following table will exhibit the state of the circulating medium then as compared with what it now is:

	Circulation in 1874.	*Circulation in* 1876.
United States legal-tender notes	$382,076,777	None.
United States fractional notes	46,538,650	None.
National bank notes	348,350,949	$348,350,949
Specie	None.	428,615,427
	$776,966,376	$776,966,376

This represents, we imagine, what the President supposes may be the result of his plan. It is merely the substitution of specie for the Government currency, the aggregate circulation remaining unchanged. We may admit at once that the condition under the head of 1876 is a specie-paying condition, free from all causes of financial embarrassment. Prices would be reduced to a normal range, and the effect would be equivalent to an increase of medium. But all depends on one contingency: Would the specie paid out in redemption of the Government currency take its place in the circulation, or would it be hoarded? The redemption of the Government currency would be *de facto*, a simple and ruinous contraction in the latter case. The only possible event in which specie payments could be maintained would be that of the return of the specie to the Independent Treasury, and its repetition of service to pay the National interest and expenses. If it did not so return the Government would be made insolvent in one day. The Independent Treasury *has but one function*, that of *hoarding*. It is not a bank of deposit, to which the whole community would resort with its multitudinous rivulets of gold, as do bank dealers in ordinary times. It must be remembered that the process of redemption will be gradual; and as the specie (supposing it to remain in circulation) becomes a part of the necessary medium of commerce to fill the place of the Government paper withdrawn, it goes *to the banks*, not to the Independent Treasury. The Independent Treasury will get no replenishment from the duties on imports and taxes until the Government paper is redeemed to the last dollar; and after that redemption it must go into the market

and purchase gold to supply any deficiency that may arise from the decline of importations or the failure of internal revenue. In the meantime, the accretion of interest on our National debt goes on; likewise interest on our railroad debt to Europe; likewise the balance in commercial account and exchange for the expenses of our citizens traveling abroad, computed at not less than 50 million dollars a year. It does not need a prophet's eye to foresee that an extraordinary demand will press on the National treasury, which will be likely to prove, for the second time, the weakest part of our general financial system. But let us suppose that the Independent Treasury manages to weather the first crisis which it must inevitably encounter; it can maintain itself only by keeping up its hoard; and what then becomes of the commerce and industry of the country at large, with the medium contracted by the amount of that hoard, from 100 to 150 million dollars. Again, it needs no prophet's eye to foresee a general bankruptcy in trade, and a recurrence of all the embarrassments under which we are now laboring.

The hinge on which the plan of the President must manifestly turn is, whether the specie paid out in redemption of the National currency would remain in circulation, or be gathered up and hoarded. If the former, he would achieve a great success. We are not disposed to deny the possibility of such a result. This is the best view we can take of it. But it will be of infinite service if it does no more than demonstrate the fact that the Independent Treasury is an insurmountable obstacle to the support of specie payments in the United States under any plan whatever. If that monstrous incubus on the economy of the country could be wiped out of existence at the auspicious moment when the Government currency is redeemed, and banks in our principal cities substituted in its place as fiscal agents of the Government, to keep the specie of the country in a living circulation instead of being locked up in a dead hoard, the great task of the President might be accomplished. It is certain that such banks could be found, as trustworthy as the BANK OF ENGLAND, which would accept such agency, subject to the condition of making every advance required to meet the maturing obligations of the Government, including interest on the National bonds, civil disbursements and current expenses. The general banking and commercial interests of the country would be strengthened by the accession to our foreign exchange account, of the specie heretofore sequestered as dead weight in the Independent Treasury.

There are other points of the President's plan to which we may allude hereafter.

SECRETARIES OF THE UNITED STATES TREASURY,

FROM THE BEGINNING OF THE GOVERNMENT.

Name.	*Residence.*	*When appointed.*	*Length of service. Years.*	*Months.*
Alexander Hamilton	New York	Sept. 11, 1789	5	5
Oliver Walcott	Connecticut	Feb. 3, 1795	5	11
Samuel Dexter	Massachusetts	Dec. 31, 1800		5
Albert Gallatin	Pennsylvania	May 14, 1801	12	9
George W. Campbell	Tennessee	Feb. 9, 1814		8
Alexander J. Dallas	Pennsylvania	Oct. 6, 1814	2	
William H. Crawford	Georgia	Oct. 22, 1816	8	6
Richard Rush	Pennsylvania	March 7, 1825	4	
Samuel D. Ingham	Pennsylvania	March 6, 1829	2	5
Louis McLane	Delaware	Aug. 8, 1831	1	10
William J. Duane	Pennsylvania	May 29, 1833		4
Roger B. Taney	Maryland	Sept. 23, 1833		9
Levi Woodbury	New Hampshire	June 27, 1834	6	9
Thomas Ewing	Ohio	March 5, 1841		6
Walter Forward	Pennsylvania	Sept. 13, 1841	1	6
John C. Spencer	New York	March 3, 1843	1	3
George M. Bibb	Kentucky	June 15, 1844		9
Robert J. Walker	Mississippi	March 5, 1845	4	
William M. Meredith	Pennsylvania	March 7, 1849	1	3
Thomas Corwin	Ohio	June 20, 1850	2	9
James Guthrie	Kentucky	March 4, 1853	4	
Howell Cobb	Georgia	March 4, 1857	4	
John A. Dix	New York	Jan. 11, 1861		2
Salmon P. Chase	Ohio	March 4, 1861	2	6
William P. Fessenden	Maine	June 30, 1864		6
Hugh McCulloch	Indiana	March 4, 1865		
George S. Boutwell	Massachusetts	March 11, 1869		
William S. Richardson	Massachusetts	March 17, 1873		
Benjamin H. Bristow	Kentucky	June 2, 1874		

The City of New York has furnished but one Secretary of the Treasury, ALEXANDER HAMILTON, since the organization of the department. He has been styled the father of American credit. He established the first bank of the United States.

ALBERT GALLATIN, of Philadelphia, held the office longer than any other Secretary—about thirteen years, under two Presidents: JEFFERSON and MADISON. He was appointed Peace Commissioner to Ghent in 1814, and after his return to the United States, became a citizen of New York where he was long a leading bank officer.

The Secretaryship of Mr. DALLAS was distinguished by the incorporation, through his able advocacy, of the second bank of the United States, which, like the first, was the fiscal agent of the Government. Both alike performed all services required by the Treasury without charge.

During the five years following March, 1829, there were five Secretaries, two of whom occupied the office less than one year each. President JACKSON removed three Secretaries in succession in the space of two years because they refused, on his order, to transfer the public deposits from the Bank of the United States to State banks. They believed the transfer to be illegal, and it was so voted by Congress; but it was finally effected by the President's fourth appointment, ROGER B. TANEY, who after remaining in office long enough for that purpose, was himself transferred to the Chief Justiceship of the Supreme Court as a reward for his subserviency.

The next Secretary in succession was LEVI WOODBURY, of New Hampshire, under whose incumbency the charter of the second bank of the United States expired, and the application for its renewal, though passed by Congress, was defeated by the veto of the President. Mr. WOODBURY's term was further commemorated by the issue of the famous "specie circular," prohibiting the receipt of anything but gold and silver coin for sales of public lands, whereby the specie of the country was localized in distant places (it being before the building of railroads in the West), which precipitated, in 1837, the suspension of specie payments. In Mr. WOODBURY's term, the National debt was entirely extinguished—the result of measures initiated by his predecessors. He had the repute of originating the Independent Treasury system of finance, which was no more, however, than a re-discovery at best, since it was practiced by the Lombards of Italy two or more centuries before his time.

In the four years following Mr. WOODBURY's term there were four Secretaries, whose official existence was marked by no striking events. Under the auspices of Mr. ROBERT J. WALKER, who was appointed in 1845, the Independent Treasury act was passed and went into operation in the early part of the following year. Of all financial blunders ever enacted by our Government, this has proved most injurious to every common interest of the people, and has been attended by the fewest compensating influences. It was the beginning of that sequestration of the most valuable part of our circulating medium, which has grown into a stubborn system of hoarding, and which now constitutes the most insurmountable obstacle to scientific financial organization.

Mr. WILLIAM M. MEREDITH, of Philadelphia, who succeeded Mr. WALKER in 1849, was one of the ablest economists of his day. He proposed to Congress the repeal of the Independent Treasury law, and also of the Warehouse system, both of which he declared, in his official report of 1849–50, had proved preju-

dicial to the general interests of trade and labor. The death of President TAYLOR caused the resignation of all the cabinet officers, and Mr. MEREDITH was succeeded by Mr. CORWIN, of Ohio, who exhibited few of the qualities of mastership in finance.

Mr. JAMES GUTHRIE, of Kentucky, was Secretary from 1853 to 1857, and did more to reform long-accumulating abuses than any other Secretary of late years. He instituted an examination into the custody of the public funds, and discovered the almost incredible fact that the sum of 132 million dollars was in the hands of Government officers, and most of it used to aid the personal speculations of the holders! Custom-House Collectors and Postmasters were in continuous arrears for nine months or more after the money was paid into their hands. He succeeded in recovering or securing all but about six million dollars, which amount was irretrievably lost. Mr. GUTHRIE was an uncompromising enemy to paper money, and in all his official reports enforced the policy of "the constitutional currency of gold and silver." He reduced the treasury system to order and economy by civil-service examinations, the abolition of sinecures, and untiring vigilance over the disbursements.

HOWELL COBB, of Georgia, was the last of the Secretaries of the pro-slavery Government. When the rebellion was declared he abandoned his post, which was temporarily occupied by the Hon. JOHN A. DIX, of New York. Mr. SALMON P. CHASE, of Ohio, was the first Secretary appointed by President LINCOLN. He found the Treasury empty, and the National credit little more than a name.

THE NEW LAW TO PUNISH UTTERANCE OF FALSE NEWS.

Passed May 11, 1874.

GENERAL STATUTES OF THE STATE OF NEW YORK.

CHAP. 440.—An Act to declare the publication and dissemination of false news a crime, and to provide for its punishment.

SECTION 1. Every person who shall knowingly circulate false intelligence with the intent of depreciating or advancing the market price of the public funds of the United States, or of any State or Territory thereof, or of any foreign country or government; or the stocks, bonds or evidence of debt of any corporation or association, or the market price of any merchandise or commodity whatever, shall be deemed guilty of a misdemeanor, and shall be punished upon conviction thereof, by a fine of not exceeding five thousand dollars, and imprisonment for a period not exceeding three years, or either.

SEC. 2. Every person who shall forge the name of any person or of the officer of any corporation, to any letter message or paper whatever, with intent to advance or depreciate the market price of the public funds of the United States, or of any State or Territory thereof, or of any foreign country or government, or the market price of bonds or stock, or other evidence of debt issued by any corporation or association, or the market price of gold or silver coin or bullion, or of any merchandise or commodity whatever, shall, upon conviction, be adjudged guilty of forgery in the third degree, and shall be punished by imprisonment in a State prison for a term not exceeding five years.

THE CURRENCY QUESTION.

By Albert S. Bolles.

I. Money and its Uses.

Great Mammon! Greatest god below the sky.—Spenser.

The term money, taken in its strict etymological sense, means something standing between two extremes and relating them to each other. Money is exchanged for other things, but never for itself. Small boys, indeed, swap cents, but men use money as a medium to get other things than those parted with. Men have the same wants now as before the invention of money—they want bread, cloth, furniture, etc.—and money is used only as an easier means of satisfying these wants. If we could imagine a state of society in which commodities were exchanged without the use of money, we should readily learn the great advantage of having it. In such a state the various products of the earth were exchanged directly for each other. This system of exchange is called barter.* Of a time when this state of things existed Homer sings:

> "From Lemnos isle a numerous fleet had come
> Freighted with wine . . .
> . . All the other Greeks
> Hastened to purchase, some with brass, and some
> With gleaming iron; some with hides,
> Cattle or slaves."†

Money is a measure of value and a medium of exchange. Having already shown for what purposes a measure of value is required, it now remains to point out the offices fulfilled by it as a medium of exchange.

First.—It is a labor-saving instrument. A, a hatter, desires a coat. He goes to B, a tailor, and making known his wants, offers to exchange a hat for the garment desired. But B says he does not want a hat. So A goes to some other tailor who makes the same reply; he remarks, however, that he does need a pair of shoes, and if A could supply him he would take them in exchange for a coat. A must now find a shoe-dealer, who will accept of a hat in exchange for a pair of shoes. After spending a great deal of time,

* The following instance of exchange by means of barter is taken from a work upon *Fiji and the Fijians* by Thomas Williams and James Calvert. They exchange pottery for masi, mats and yams. On one island, the men fish, and the women make pots for barter with people on the main. Their mode of exchange is very irregular; the islanders send to inform those on the main-land that they will meet them, on such a day, at the trading place,—a square near the coast paved for that purpose. The people of the continent bring yams, taro, bread, etc., to exchange for fish. . . The island tribes of the Great Fiji take yagona to the coast, receiving in exchange mats, mace, and fine salt. P. 72.

† Lord Derby's trans.

A finally succeeds in exchanging a hat for a pair of shoes and then goes to the tailor and exchanges them for a coat. See how much labor might have been saved in this exchange by the use of money. A, instead of going to B, to exchange a hat for a coat, would have sold his hat for money to any one who wanted it, and with the money thus obtained he could have procured a coat. For A would have been willing to receive money in exchange for his merchandise inasmuch as he could exchange this for anything he desired. The hat could purchase only one particular thing, namely, shoes. Thus it had only a limited purchasing power, while money has a general purchasing power.

Thus Prof. PERRY* correctly says, in pointing out the difference between money and other commodities: "They have the power of buying some sorts of things from some persons, it has the power, derived from the usages of society, to buy all sorts of things from all persons." Because money has this general purchasing power it saves a great deal of time in making exchanges. "At first view," says CHEVALIER,† "it might seem that the use of money complicated transactions, inasmuch as it necessitates two exchanges where otherwise there would be but one; but, in truth, its use is of enormous advantage, and we should take an immense step backward in civilization, if we were to return to barter. It has been wisely said that there is no machine which economises labor like money, and its adoption has been likened to the discovery of letters."

The utility of money as a labor-saving instrument may be strikingly illustrated from the experience of BARTH.‡ He tells us that in one of the villages through which he passed, the practice of the farmer was to bring his corn to the Monday market, but he would on no account receive shells in payment, and would rarely accept of a dollar; the person, therefore, who wished to buy corn, if he had only dollars, was first obliged to exchange them for shells; with these he must buy a "kulgu," or shirt, and with this he might succeed, after a good deal of bantering, in buying the farmer's corn. So great was the difficulty of getting things, in consequence of having no general medium of exchange, that often his servants would return from their purchases in a state of the utmost exhaustion.

Secondly.—It prevents the deterioration and loss of commodities. C is a baker. He must dispose of his bread quickly after it is made or it will spoil. He cannot find only here and there a person who will give him any thing useful for it in exchange. Thus exchanges take place slowly and with difficulty, and while they are going on the bread becomes old and unfit for use. Long before disposing of his entire stock, a portion of it has been injured or destroyed. If money were in use, he could readily sell his bread for money, and with that obtain whatever he desired. By transmuting his perishable products into money,

* *Elements of Polit. Econ.*, p. 208.
† *On the Probable Fall in the Value of Gold*, p. 28.
‡ *Travels*, vol. 2, p. 51.

he may keep its power of purchase locked up in this form as long as he pleases.

Thirdly.—Money reduces the cost of a commodity. In a State having no money with which to make exchanges, more time is expended, perhaps, in exchanging things than was spent in producing them. Thus, the hatter previously mentioned might have consumed more time in exchanging a hat for the coat he wanted than was employed in making the hat. Consequently, the hatter is really deprived of the benefit of his labor, or the value of his product must be increased.

Fourthly.—Men do not always wish to exchange for equal amounts. A farmer who brings a fatted ox to market finds persons enough wanting a few pounds of beef, but none wanting the entire animal. He cannot divide the ox and give a part of it for a few pounds of coffee or tea; perhaps he does not want the value of one quarter of the animal in groceries or other things. By means of money all difficulties can be easily overcome. The farmer can first exchange the ox for money, and with that he can get whatever he desires.

Fifthly.—Money secures the employment of labor by providing for its reward. Without money how could a cotton factory, for example, be run with its hundreds of hands? The owner could pay them only in cloth; and what could be done with that? They certainly have not time to go far to exchange it for other products, and if they had, they would be unable to make the desired exchanges, for no entire community requires more than a limited amount of cloth. And if the operatives in despair of getting their bread should think of sending their cloth away, who wants it? where shall it be sent? A man having nothing except labor or skill to offer, might be unable to secure employment from those who wanted him and were willing to pay him most liberally, because they are not able to give him anything satisfactory in return; hence, he must labor for those who are willing to give, in ever so small quantity, the articles needed for his support. "The physician must take his pay in iron, or bread, or butcher's meat; and if any of his patients produced what he did not want, he must either attend them gratuitously, or they must die without assistance. Besides this, there are many products incapable of division. If a hundred men, engaged in building a ship or a house, how would they take their pay in kind, without taking the ship to pieces, and thus rendering their work wholly useless?"* Thus, without money the division of labor would hardly exist. Rather than lose the time to make exchanges or run the risk of losing the results of his labor, by injury or decay, or be subjected to the other difficulties mentioned, every man, so far as possible, would supply his own needs by direct effort.†

* WAYLAND, *El. of Polit. Econ.*, p. 190. No author has illustrated the uses of money more clearly than President WAYLAND.

† BARTH says that he was repeatedly prevented from buying what he absolutely needed, corn, rice, etc., because he did not have, and could not get what the people wanted in exchange. *Travels*, vol. 1, p. 568; vol. 3, p. 203.

Besides, no man could perfect himself in any one art, trade, or profession. In the effort to supply his wants by making himself whatever he desired, he could not attain to that perfection, which is possible, whenever man is permitted to practice a single art or trade, or make a single part of a complicated mechanism. Manufacturers could not thrive at all who sought to make those products, requiring a minute subdivision of labor. But if the laborer be paid in an article that is universally desired, he can get whatever he likes; hence, it will make no difference in what business he is engaged as long as he can have money in exchange for his labor.

Such are some of the most obvious advantages of the use of a medium of exchange. To these, others might be added, but enough has been said to make it clear that money is of the greatest use as a medium for exchanging other commodities.

Money, then, combines these two qualities—it is a measure of value, and a medium of exchange. This definition is by no means exact, for the reason, not only that a perfect value-measure cannot be found, but also, that everything is a measure of value and a medium of exchange which is given or received for something else. If jack-knives are used as a means for getting other things, they are instruments of exchange and measures of value. Everything parted with is a measure of value for the thing received in each particular transaction. All that can be said of money is, that it is something used in a particular country or locality more generally than anything else for the purposes above stated. The mistake of writers upon this question is in trying to give a precise definition, which cannot be framed, unless it be exceedingly general.*

WILLIAM LATHAM has declared that coins, all notes, whether issued by the State or by banks, which are endowed with the faculty of closing contracts, paying debts and acquitting debtors are money. *Fort. Rev.*, vol. 4, p. 214. The defect in this definition is that not all of these instruments measure value, although all are mediums of exchange. The definition in the *North Brit. Rev.*, vol. 35, p. 176, that money is "only another word for the machinery which accomplishes the exchange of commodities," is defective for the same reason. Prof. PRICE has said that "money is not an end but a means . . and thus we arrive at last, at the true view that money is a tool required for certain specific purposes." *Principles of Currency*, pp. 166, 167.

Is it not a little singular that the uses of money, which are simply these two—a measure of value and a medium of exchange—should be the subject of so much confusion? For this, two reasons may be given.

First.—Many people believe that Government can create value and money. Government is as powerless to create value as ROBINSON CRUSOE was, when living on his lone island in the Pacific. Two persons are required to create value in every case.

* See BANKER'S MAG., vol. 26, p. 545; article, "What is Money?"

What people will take from the Government in exchange for what is given, lies as much within the power of the people to determine as of the Government. It has no more power of ordaining what its members shall receive from one another in satisfaction of debts than the birds of the air. Government may indeed, call a bit of gold "one dollar," but it is not the work or power of the Government which gives value to the gold. That is the product of labor which the Government never performed. Melt the gold so that every mark of the Government superscription is obliterated, yet its value is unchanged. The Government, by coining it, merely announces its weight and fineness.

Does the value of a piece of paper depend upon the inscription of the Government thereon? A greenback has value. Is it valuable simply because the Government says so? Suppose the Government declared greenbacks to be valuable, and yet people declined to take them, would they retain their value? Of course not. They are valuable because the people believe that the Government will fulfill the promises of which these are the evidence.

Secondly.—Money was not designed to stimulate, but to facilitate exchanges. It was designed to save time and labor in making exchanges, but not to add to the number of them. Says JOHN STUART MILL: "It is a machine for doing quickly and commodiously what would be done, though less quickly and commodiously, without it."

This economic principle is very imperfectly understood else no cry would be heard for more paper money. The people, or a large portion of them, have seized the idea, that somehow the rapidity of exchanges, and the prosperity of business, depend upon the quantity of money in circulation; the greater the quantity, the more prosperous is business. This is a grievous error and arises from a total misconception of the uses of money. It sprung out of the fact that during the war, when more paper currency was issued, business vastly increased, and every one rejoiced over his prosperity. But the prosperity enjoyed at that time was due not to an increase of currency, but to a greater demand for all sorts of products. The Government became an enormous consumer, and of course its demands were great. It was the National demand superadded to that existing before, which gave such an impetus to business. The currency afloat, or more strictly, partly afloat, did not affect the demand. If none had been issued the demand would have been as great. A coincidence was mistaken for a cause.

This principle, that currency was invented as a labor-saving instrument, to render exchanges more convenient, ought to be sounded in the ears of all who are seeking for an expansion of the present irredeemable currency. It requires no argument to prove that what people are really trying to get are the things which minister to the sustenance and happiness of life and body, and that money is merely a medium, a go-between, for getting them. Now, suppose there be an increase of money, how can

these things be more easily acquired if their prices are increased? No one will, for a moment, contend that an increase of money does not tend to increase prices, and that any more can be purchased, in the aggregate, with the whole sum, than with the sum existing before the increase was added.

It is not the proper function of money to stimulate exchanges. This is a perversion of its use. It was intended to facilitate them and nothing more. Were this idea kept in view we should hear no more about an increase of the currency.

Why have gold and silver such a pre-eminence over other things as money? First, because of their portability. "One pound weight of gold, will ordinarily command, in exchange, fifteen thousand pounds of wheat, thirty thousand pounds of Indian corn, five tons of rice, or a ton and a-half of cotton.* The same quality renders silver valuable as money, though less so, in ma countries, because a larger quantity than gold has only the same value.

These metals are very valuable as money, because they are so malleable. They can be wrought into any shape, will receive and retain any impression, may be divided into the minutest quantities and again united, with the smallest possible loss. Hence, they are admirably adapted for coinage. In consequence of the small subdivisions into which they may be coined, they can be exchanged as of equal value for a great number of products.

They are of uniform quality. Found in CALIFORNIA, AUSTRALIA, or RUSSIA, gold is everywhere the same. The iron of different countries varies greatly. The copper of SIBERIA is better than that of GERMANY, while the copper of SWEDEN is better than that of SIBERIA, and the copper of JAPAN surpasses that of SWEDEN. It is not so with gold and silver.

They may be readily alloyed and refined. By alloy they are made harder, and so better adapted to use as money. Likewise, can they be easily restored to their original purity without loss.

They are unaffected by atmospheric influences. They do not rust or decay like iron, so that the gold and silver in the age of the PTOLEMIES may be in existence to-day, either as plate or money.

They are almost inconsumable by use. Nearly all other commodities are rapidly destroyed by using them. Articles of food and clothing, for example, disappear in a comparatively short period. Even iron, in the ways in which it is generally used—railroads, agriculture, the mechanic arts, etc.—lasts only a few years. But the duration of gold and silver is vastly longer. Investigations made at the United States Mint show that the wear of gold was only 1 to 2,400; that is, a gold dollar would wear out only by 2,400 years' service.

To complete this side of our subject, we remark that gold and silver were valuable long before they came into use as money.

* AMASA WALKER, *Science of Wealth*, p. 127, from which work the reasons why gold and silver are fitted to serve as money are chiefly drawn. See also *Say's Polit. Econ.*, p. 170, 4th Am. ed.

That is a function superimposed upon these metals. This use increases their value, but it is not the sole or principal cause of their value; or the cause of imparting value to them in the first place. The Wampumpeag currency of the American Indians was regarded as beautiful by them, and so it passed as currency. The same is true of gold and silver. They were prized before they came into use as money, else they never would have been used for that purpose. Being desirable apart from their use as money, they are found admirably fitted to serve this additional function, and so are used for this purpose.*

The question has been discussed of late, how much money or currency does any country require to effect its exchanges. The answers generally given to this question display dense ignorance. They show how very imperfectly the functions of money are understood. It is looked upon by many as a mighty question which few, if any, are capable of answering. This is because such persons do not comprehend what the functions of money are. If they did, they would see that the question can be answered easily enough.

Whenever the business of a country has become adjusted to the currency employed in making its exchanges, whatever the amount may be, no increase thereof is ever required. This is one of the clearest principles of economic science. It makes no difference whether the volume of currency be great or small, prices will accommodate themselves to it; and if the amount thereafter be increased, other things remaining the same, the only effect of such increase will be to raise the price of commodities. So if a part of the currency be withdrawn, the effect is a depression of prices. It is of little consequence what the volume of currency may be with which a nation first begins to exchange its productions.

Now, as long as a nation sticks to the currency it has once adopted, and to which all values have been adjusted, there is no difficulty in effecting exchanges, provided that such a currency commands the perfect confidence of all. There will be no violent disturbance in exchanging commodities while the same currency is used on account of it. If exchanges are disturbed, they will arise from other causes than the currency. Like the sun, it will pursue its appointed course without interruption or change.

When a currency having the confidence of all is supplanted by an inferior currency, then exchanges are unsettled on account of it. Let it be remembered that no sound currency disturbs exchanges. If the currency employed by a country produces this effect, it is certain that such a currency is unsound. In the

* "Gradually, in the course of time, and by the exigencies of society, they came to be appropriated by general consent to the uses of money, till at last that consent became universal in the civilized world. This appreciation was ulterior and consequent to the ascertainment of the many useful and admirable qualities of these metals for other purposes, without which there is no probability that they would have been employed as money. . . . Gold and silver are not valuable simply because they are money. This was not the original ground of their being held in such high esteem; but they have been adopted and have obtained universal consent to be used as money or a common medium of exchange because of their value for other uses, and because they are always in demand for such a vast variety of appropriations other than money."—*Colton's Public Economy.* See also on the *Origin of Money; Patterson's Science of Finance*, p. 11; *Mill's Polit. Econ.*, vol. 2, p. 19.

UNITED STATES we have driven out a sound, specie currency by means of an inferior, paper currency. While the former was in use, we were never troubled with the inquiry: How much of it does the country need? The currency was self-regulating; it was free from legislative regulation. But when it was supplanted by the present currency, exchanges were violently unsettled, and will remain so as long as it is below par. The more local a currency, the more violent are its fluctuations in value, while the converse of the proposition is equally true. Gold and silver have a wide circulation, and their value in all places is the same; but our paper currency has no circulation outside of our own country, hence its value is very unstable.

Keeping these facts in mind, it is easy enough to answer the question: How much of this paper currency does the country need? The less of it the better while it continues below par with gold. If it be an inferior currency, as it certainly is compared with gold and silver, we should not make it poorer by watering it, but rather contract the quantity and so improve its quality. The country needs no more of it; there is altogether too much now.

Besides, by increasing its quantity, its purchasing power is diminished, so that the aggregate purchasing power of the larger amount is no greater than that of the smaller sum. When an individual gives his notes for $100,000 and has only half that sum to pay them with, and his creditors know it, every one, except he be an inflationist, believes the debtor will neither improve nor sustain his credit by issuing more notes. The same is as true of the Government as of individuals. Its legal-tender notes are below par. The people prefer gold to them. By issuing more their value will diminish. There is no escape from this effect. The Government by no sort of ingenuity can increase the aggregate purchasing power of the currency as long as it is at a discount. By issuing more, its purchasing power is diminished, and the country has no larger amount in fact with which to make exchanges.

We conclude—first, there is too much currency now, and the excess will be felt so long as it is worth less than gold, which is promised in redemption of it; secondly, while its inferiority to gold continues, the question whether the country wants more of it or not is without any significance, because the country by no kind of legerdemain can actually get more if it be wanted. Of course a larger amount may be issued, but its value is entirely absorbed by the currency existing before.

When the currency of a country is sound, its value depends upon three things: first, the amount of business done there; secondly, the extent of its credit; thirdly, the rapidity with which its money circulates. If business is light, or money circulates rapidly, or credit be extensive, less money is needed than if the opposite conditions prevail, and so its value is less.

Money circulates more rapidly through the agency of banks than in any other way. By keeping money in these institutions

they are able to loan it again and again; one person deposits a sum, it is discounted to another, he pays it into another bank, which, in turn, discounts it to some one else. Any report of the Comptroller shows this. The amount of the National circulation, according to his report for 1873, on the 12th of September, was $ 339,081,799, while the loans amounted to $ 940,233,304. Of course there was the legal-tender circulation of $356,000,000 besides; on the other hand, a large amount of currency was in the possession of the people. From these facts it is clear that currency circulates more actively through the agency of banks than through the action of individuals.

The use of credit in its various forms, bank checks, bills of exchange, etc., supply the place of money. We shall discuss hereafter the matter of the extension of credits in this country and how they operate to lessen the need for money. ENGLAND has not so much currency as FRANCE, though doing a vaster business, yet her exchanges are easily made by means of the various instruments of credit. In FRANCE, money is absorbed, hoarded; in ENGLAND, it is deposited in banks and kept in circulation. When the German indemnity was paid by FRANCE and new loans contracted, it was a world's wonder that such an immense throng should gather in Paris to subscribe for the loan. They came from all parts of FRANCE. It was the country, farming population. They had laid by money, and, instead of depositing it in banks, it had been kept in their houses. The loan being regarded safe, the money was drawn forth. The reflection is not creditable to that country that such a vast throng should be without confidence in the BANK OF FRANCE, or its branches; or rather, that FRANCE should have no money institution commanding the confidence of the people except the Government itself.

This fact, that credit serves the same purpose as money in liquidating debts, proves the necessity of maintaining it whenever possible, in order to avoid panics and the necessity of providing additional currency when they occur. For, when these calamities arise and confidence or credit is gone, more currency will be required than at other times. Thus in the panic of 1873, everybody wanted money; no one dared to trust. Many at once came to the conclusion that the country needed more currency; that business had increased so enormously the present amount was inadequate to make exchanges. No one said this a week before the panic. Why not? Because, in fact, there was enough. So long as confidence was generally diffused there was no need of additional currency. The panic destroyed that, and then the demand for more money was universal. Upon the restoration of confidence, no more money was needed than before. This is the true explanation of the state of things which prevailed. When confidence was strong there was money enough; when confidence disappeared, more money was required to supply the place which confidence had filled.

II. The Decline in the Value of Gold and Silver.

Nearly all political economists agree that the value of gold and silver is depreciating. This depreciation arises chiefly from three causes: the larger supply; its lessening demand for ornamental use; and the substitution of other things for money.

In respect to the present supply, much labor has been expended to ascertain the production of gold and silver since the earliest times, yet no results thus far obtained command a very wide assent. In 1831, Mr. Jacob published an elaborate *Historical Inquiry into the Production and Consumption of the Precious Metals*, covering the field of investigation from the earliest ages to the time in which he wrote. This work, though abounding in wide research, is, after all, only an estimate, and that even very rude and imperfect in respect to the production of the precious metals during the earlier ages. Indeed, the difficulties of finding out the production and consumption of the precious metals, says M'Culloch, are "at least as great as their importance. They are not, in truth, of a kind to afford any certain conclusions, and we must be contented with those that seem to present, on the whole, the greatest amount of probability." For the production of gold and silver in America, from the discovery of the country to 1803, great reliance has been given to Baron Humboldt's estimate in his *Political Essay upon the Kingdom of New Spain*, though Mr. Danson,* who carefully studied Humboldt's figures, together with the data pertaining to the subject, has found reason to amend them. Chevalier has carefully gone over the ground in his work upon the *Probable Fall in the Value of Gold*, though *Blake's Report upon the Precious Metals*, made to the United States Government in 1867, is the latest, and probably the best, exposition on the subject.†

The aggregate production of gold and silver to 1868, according to Blake's estimates, is as follows:

14 to 800....(Amounts supposed to be on hand)....	$ 1,790,000,000
800 to 1492..........	345,000,000
1492 to 1803..........	5,820,700,000
1803 to 1848..........	2,484,000,000
1848 to 1868..........	3,571,000,000
Grand total..........	$ 14,010,700,000

From this amount the losses are to be deducted, which are as difficult to ascertain as the amount produced. Indeed, if possible, there is less agreement among writers in respect to the loss of gold, than as to the amount now remaining.

As for the future supply it is well known that gold is derived from two sources—placers and veins. That found in the placers was originally contained in the rocks, which has been extracted by the grand operations of nature. Streams have rolled over

* *Journal of Statistical Society of London*, vol. 14.

† See also Commissioner Wilson's learned investigation in *Land Office Report*, 1867. His researches are very valuable.

them for unnumbered ages, breaking and grinding them to pieces, washing out the gold and carrying it along in their courses till it sank to the bottom. Placer-mining, therefore, is nothing but the digging over the beds of streams and rivers that have become dry, and in which gold is supposed to be deposited.

Once it was thought that, as the soil containing gold which had been thus extracted by nature from the rocks, was quite limited in extent, when it had been worked over, the future supply of gold would be exhausted. Such was the opinion expressed by the late Sir R. I. MURCHISON in his valuable work upon the *Siluria*. But now it is generally acknowledged that the normal supply of gold is to be derived from the rocks, and that the gold found in placers is only a small portion of the whole amount. This being so, it is clear that the future supply of gold depends upon the extent and productiveness of the gold-bearing rocks.

Prof. JEVONS* asserts, with the utmost confidence, that there has been a rise of prices in ENGLAND to the extent of eighteen per cent., as measured by fifty chief commodities, since the year 1849. This rise of prices represents a real diminution in the general purchasing power of gold to that extent. Yet others, including Prof. CAIRNES, suppose the decline to be much greater, for the reason that the course of prices previous to 1849, was decidedly downwards, so that the increased supply of gold prevented a greater decline of them, and also occasioned the rise above stated. In his volume of essays, published in 1873, he reaffirms his former opinions. He says, all are agreed that within twenty years a substantial advance in general prices has taken place, the only difference of opinion is in respect to the causes of this change. Amongst economists I think it is pretty well agreed that the advance is at least in large measure, due to the effects of the gold discoveries. But on the other hand, there is on the part of commercial writers, and in general of all who view the question from the standpoint of practical business, a strong disposition to ignore, or altogether to deny, the influence of this cause in determining the results. We are among those who think Prof. CAIRNES is right, that gold has declined in value, for the evidence in support of this conclusion will admit of no other explanation.

In this country the decline has been very marked since 1860. Elsewhere, we have compiled a table of prices showing what the decline has been in one hundred of the leading American products. Other things, in the production of which more labor has entered, the decline has been greater.

The decline in the value of these metals would have been still greater had not an immense quantity been drained off to the East. If A does not want a thing it is only a slight indication that it has no value; for B and C may want it, and if they do, of course it is valuable, although valueless to A. Hence, the precious metals, so long as they have a value among a considerable number of people, though not among all, their value will be preserved. Thus,

* *London Economist*, May, 1867.

silver, for instance, may become valueless among the most enlightened nations as between themselves, yet so long as such quantities of it are desired by the inhabitants of CHINA and INDIA as are at present, its value will not be materially lessened. For many years these countries have absorbed vast quantities of silver, else its value long ago would have declined. It is for this reason, says PATTERSON, that the prosperity of the world depends upon the continuance of this drain of bullion to the East."*

The value of gold and silver will decline from the increasing use of other things as substitutes for money. The use of bank notes, bank checks, bills of exchange, etc., as substitutes for gold in making exchanges has become universal. For example, the New York Clearing-House Association, representing sixty-one banks, received for the year ending September 30, 1872, checks, bills of exchange, etc., given by the several banks composing the association, $ 33,844,369,568. The use of this vast amount of substitutes in place of gold and silver has a direct influence in depreciating the value of these metals. Let an edict go forth that no such instruments could be used, or rather, supposing that all men were so corrupt that no one dared to use them, and the precious metals would enormously increase in value. Hence, it may be properly said that gold and silver are declining in value because credit or willingness to trust others has increased. It is one of the marks of an improving civilization. The substitution of the various instruments of credit for gold is attended with many evils, arising from unwillingness and inability to comply with their requirements; but as the infirmities of human character disappear, notes and promises of every kind will have general preference over gold and silver as instruments of exchange.

Gold and silver will decline in value as their use for ornaments declines. Probably it was this use which first gave them value. And, lastly, the value of gold and silver, and kindred forms of property, which depend largely upon the fact that much value is contained in a small space, will decline when other and more cumbrous forms of property become secure from seizure and intrusion.

Such are the principal reasons operating to depress the value of gold and silver, and which, it is evident, will continue to thus operate. Gold will multiply in quantity; the day of barbaric gold, of which MILTON disdainfully spoke, will surely pass away, while its departure is hastening by the use of substitutes for it, as money, as well as in other ways.

Two consequences flow from the loss of value accruing to gold and silver worthy of notice. First, those having it in their possession, or due them, will suffer loss. The loss of one class, however, will be the gain of another, and in this way there will be a partial evening up of the accounts between mankind. But Governments will be the greatest gainers. In this way, nearly all National indebtedness will be discharged, inasmuch as this is the

* See *Fawcett's Man. of Polit. Econ.*, p. 436.

thing which most of them have agreed to pay. Secondly, there will be a great saving of human labor in preparing an instrument to be thereafter used as money. PATTERSON has well put the question: "Is it not probable that some day . . future generations enjoying a more advanced civilization, will look back with pity on our barbarism in wasting so much wealth for the mere purpose of registering our wealth, and in employing such an infinitude of labor upon what could be accomplished without any.*

Little do we think of the sufferings and risk of life which poor humanity has endured to get possession of these shining metals. When the Californian mines were discovered, husbands forsook their wives, and brothers their sisters, the emigrant came from the farthest shore, and all went and delved for the precious gold. They endured privation of hunger and thirst, laboring under the greatest exposure of body to disease and death—and simply to obtain these counters for making exchanges. The story of CALIFORNIA was repeated in AUSTRALIA. When that most auriferous country was discovered, thousands flocked thither to dig for gold. The Buckland river, where the largest nuggets were found, was literally a river of death. The rays of the sun, striking the rocks upon either side, reflected upon the faces of the miners, and caused a worse blindness than that which befel them before setting out for the diggings. A little way down the river was the cemetery where the miners were laid, so that every fresh miner was reminded of his probable fate, as he passed on his way to the mines. Nothing daunted, however, they hurried on to meet the fate of those who had gone before, and the multitude of graves remaining to this day, testify of the magic and bewitching power of gold. Great as has been the acknowledged power of woman, cannot this dull metal claim a greater homage and devotion? But its sovereignty is to cease; all its long, painful history of conquests and sufferings is to pass away.

III. THE MONEY OF THE FUTURE.

We have not prepared this chapter with a view to setting forth any utopian or useless scheme, but to answer the assertion that gold and silver will continue to be used as money in the indefinite future. because there is nothing to put in their place. The necessity of money being universally admitted, and nothing having been discovered to supply the use of the precious metals for that purpose, the conclusion is drawn that they will be employed in that capacity always. Admitting the truth of the first premise, we deny the second, and of course the conclusion.

We have already shown that money performs a two-fold function; that it is a measure of value and a medium of exchange. In respect to the latter function, a representative of gold and

* *Econ. of Capital*, p. 10.

silver in the form of paper currency excels the original in convenience. It can be more easily counted, transported, manufactured, is not so easily counterfeited, occupies less space, in short, it has every advantage over the precious metals as a medium of exchange.

We have adverted to the necessity of having a measure or standard of value, and the desirability of having this standard comprise the money of a country. It is not necessary, though, that the standard be a perfect medium of exchange. If a good substitute can be invented for this purpose, the standard of value may be a very inconvenient medium of exchange, if it were actually used as such, because there would be little need for transferring it in bulk. The chief requisite is to select the best measure of value, that is, a thing changing least in value, and which can be so represented as to form the best medium of exchange; in other words, so as to be most easily counted, carried, preserved from decay, counterfeiting, etc.

Another important feature in the medium of exchange we must not overlook, namely, that it be a representative of actual value; that the thing represented can be easily had in exchange for the representative. In creating a currency or money for a country, it does not follow that an amount of money must always be kept on hand by an individual, equal to the representative in circulation, provided the issuer have ample property that may be converted into money. This is the principle upon which the National banks are chartered. Their circulation is secured, not by gold and silver in their vaults, but by bonds in the possession of the Government. So long as these are ample security for the payment of the circulation, no one will object to receiving the representatives of this property. In 1857, when all the banks in New York failed, that is, were unable to pay their notes in specie, no one objected to receiving their bills, because they were fully secured by State bonds held by the Comptroller of the State. The needful thing about the currency is to provide for its security. Now, since the representative of value is to be preferred to the thing possessing value, as a medium of exchange, provided the representative be fully secured, since the measure of value is rarely ever wanted so long as it can be obtained, it makes but little difference what sort of thing the security be as long as its value is unchanging. Hence, if gold and silver were displaced by iron, for instance, no one would be subjected to inconvenience or loss.

Does any one doubt this statement? What would be the effect of the change? A bank is created with a capital of 1,000,000 tons of iron. It deposits bonds which are deemed equivalent in value to the iron with the United States Treasurer, and receives a circulation for nine-tenths of the metal, that is, bank notes promising to pay all who take them iron in exchange. The notes of the bank circulate because they are secured by the bonds; it is of no consequence whether the bank has a pound of iron or not, for nobody wants any. All the bill-holders want to know is that their

bills are fully secured; and so long as this is the case, they are content. Of course, a part of the security consists in having the property in which the bills are finally to be redeemed of as nearly a fixed value as anything can be. If, therefore, iron has as fixed a value as gold, it will answer just as well as a basis for money.

But one may say, iron is of various qualities. Very true, but that will cause no difficulty. The bank makes its notes payable in a particular quality of iron, and every other kind of iron might be graded by that. For example, the iron coming from the Iron Mountain in MISSOURI, we will say is taken as a standard. Rated by that, we will say that the iron of MICHIGAN is worth a quarter less or a quarter more, that the iron of NEW YORK is worth half as much and so on. Every quality of iron in the world could be easily rated according to the standard, and every bank could make its notes payable in standard iron or other kinds, according to their value, measured by the iron of standard quality. As there is a great abundance of iron in the world, and as it must always be used, no trouble would ever arise in getting it to redeem any promises for which iron was pledged in payment. Iron has value for the same reasons as gold. The two are in the same category. If gold and silver become worthless so that they could not be used as money, there would be no difficulty in supplying their place, for the use of iron as a measure of value and paper as a representative for iron as a medium of exchange, would subject us to no inconvenience, and the world hardly know that a change had been made.

THE ACCEPTANCE OF DRAFTS BY TELEGRAPH.

Superior Court of Cincinnati. Before Judge Tilden.

The SELMA SAVINGS BANK OF ALABAMA *v.* W. S. Devan & Co. Devan & Co., of Cincinnati, drew a bill on Morey & Co., of Selma, Alabama. On the day before its maturity Morey & Co., unable to meet it, telegraphed to Devan & Co., for permission to re-draw on them for the amount to take up the bill. Devan & Co., on the same day, by telegram, answered: "If you will allow us to draw on you at two, three and four months, we will." Thereupon Morey & Co., on the day of the maturity of the bill, drew at sight upon Devan & Co., and advised them by letter. On the credit of these documents the SELMA SAVINGS BANK discounted the sight draft, which was duly presented to Devan & Co., and payment demanded and refused. The action was to recover the amount of the draft and the case was prosecuted to the Court by demurrer to the petition.

HELD: *First.*—That where money is *bona fide* advanced upon the promise of the drawee of a bill to accept and pay, such promise is in law an implied acceptance of it, and it may be declared on as an acceptance, this circumstance amounting to proof of the acceptance, so as to establish the averment. *Second.*—Where money is thus advanced on a general authority to draw, without identifying a particular bill, one who advances money on the credit of it is entitled to recover not as upon an acceptance, but upon the special contract to accept. *Third.*—The present case belongs to the first class. The words "we will," in the telegram of Devan & Co., sufficiently refer to the bill in question to establish its identity; and a letter to Morey & Co., announcing that they had drawn at sight, was a sufficient compliance with the conditions of the authority of Devan & Co. to draw, to warrant the bank in discounting the bill. Demurrer overruled.

PUBLIC DEBT OF THE UNITED STATES.

Abstract of the Official Statements, January, 1870, to June 1, 1874.

	January 1, 1870.	*January 1, 1871.*	*January 2, 1872.*	*January 1, 1873.*	*May 1, 1874.*	*June 1, 1874.*
INTEREST PAYABLE IN COIN:						
5-per-cent. Bonds	$ 221,589,300	$ 214,567,300	$ 214,567,300	$ 214,567,300	$ 194,827,300	$ 194,827,300
New Loan of 1871, 5 per cent.	....	....	96,997,650	200,000,000	314,974,950	315,451,700
6-per-cent. of 1881...........	283,677,600	283,678,100	283,681,200	283,681,350	283,681,350	283,681,350
6 per-cent. 5-20s	1,602,672,300	1,437,099,300	1,258,610,550	1,058,402,800	930,553,150	930,286,550
	$ 2,107,939,100	$ 1,935,342,700	$ 1,853,856,700	$ 1,756,651,450	$ 1,724,036,750	$ 1,724,246,900
INTEREST IN CURRENCY:						
6-per-ct. Bonds Pacific Railr'd	$ 64,135,320	$ 64,618,832	$ 64,618,832	$ 64,623,512	$ 64,623,512	$ 64,623,512
3-per-cent. Certificates	45,545,000	43,550,000	22,025,000	2,780,000	....	....
4-per-cent. Certificates	....	678,362	678,000	678,000	678,000	678,000
Navy Pension Fund, 3 per cent.	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
	$ 123,680,320	$ 122,847,194	$ 101,321,832	$ 82,081,512	$ 79,301,512	$ 79,301,512
ON WHICH INTEREST CEASED:						
Various Bonds and Notes ...	$ 4,140,936	$ 7,315,822	$1,739,938	$ 4,084,220	$ 6,164,770	$ 4,321,200
BEARING NO INTEREST:						
United States Notes........	$ 356,113,098	$ 356,101,086	$ 357,592,801	$ 358,642,295	$ 382,076,777	$ 382,076,777
Fractional Currency	34,762,664	39,995,089	40,767,877	45,722,063	47,436,621	46,538,650
Gold Certificates of Deposit..	40,170,380	26,149,000	36,049,700	23,263,000	33,710,800	33,179,500
Currency do. do.....	....	....	....	25,370,000	51,860,000	56,050,000
	$ 436,046,142	$ 422,245,175	$ 434,419,378	$ 452,997,356	$ 515,084,198	$ 517,844,927
Aggregate Debt.............	$ 2,761,806,498	$ 2,487,750,892	$ 2,391,328,848	$ 2,295,814,538	$ 2,324,587,230	$ 2,325,714,539
Coin and Currency in Treasury	121,933,438	138,086,572	127,294,320	109,605,849	147,420,026	149,186,683
Debt, less coin and currency.	$ 2,549,873,060	$ 2,349,664,320	$ 2,264,034,528	$ 2,186,208,689	$ 2,177,167,204	$ 2,176,527,856

Coin in the Treasury, June 1, 1874, $ 81,958,979; Currency, $ 67,227,704; total, $ 149,186,683.

USURY AND USURY LAWS.

The original signification of the word usury was money paid for the use of money, or interest. The etymology of the words usury and interest is the same, but in modern law the two words signify different things.

Interest is the premium allowed by law for the use of money; while usury is the taking of more for that use than the law allows.

In the early times usury was an object of peculiar detestation. It was held in England to be absolutely unlawful for a Christian to take any kind of usury or interest, and whoever was found guilty of that offence was punished by the censures of the church; its ordinances were employed in compelling restitution from those who had violated its sacred laws, and if it was found after death that the deceased had been a usurer while living, under the absolute authority of the king his chattels were forfeited and his lands escheated.

By a statute of Henry the seventh, usury is declared to be not only against the law of God and the laws of the realm, but against the law of nature, as causing fruitfulness in that which was intended to be barren.

Usury, or the taking of any interest for the use of money, was thought to be forbidden by the Mosaic enactments.

Calvin, the famous reformer, was one of the first to point out the error of this view and to show that the Mosaic laws applied to money lent for the relief of distress, and not to that advanced to the borrower that he might improve it.

The true spirit of usury lies in taking an unjust advantage of the necessities of the borrower, which is considered by all Christian nations an offence against the laws of morality and right.

It often happens, however, that one must borrow at a high rate of interest or sell his goods at a sacrifice. When one's affairs are embarrassed or his credit impaired, who will lend him at the usual rate without security? What, then, is he to do? Can any law be framed that will help him? It might as well provide that he shall not sell his goods for less than they are worth as to forbid that he shall pay for the use of money more than the usual rate; but he must do one or the other, and it will depend upon particular circumstances which he had better do. The law cannot compel any one to lend him at a fixed rate, and is therefore useless to help him.

It is idle to suppose that by providing that he shall not pay more than a certain rate he will be able to borrow at that rate.

It is thought justifiable in business to buy goods at half their value if possible. The law provides that goods may be sold by the sheriff, if even at half or a fourth of their value, if a debtor does not pay, and he must stand idly by and see this done because the legislature has tied his hands by a usury law. If he were allowed to borrow at such rates as he could, he would be able, sometimes, to save not only his goods, but his credit which may be invaluable.

If a person be deemed incompetent to borrow on fair terms, and liable, from the pressure and urgency of his necessities, to imposition, how can he be yet deemed competent to sell his goods?

Whatever discourages the lending of money must injure commerce, by stopping to that extent the circulation of money and thereby limiting the productive power of the capital and industry of the country. Free trade in money will make the rate lower than any statute can. Perfect freedom of the borrower and lender to make their own contracts will regulate the rate better than any law. Traders do not regard usury laws as beneficial to trade.

The Chambers of Commerce of Dublin, Manchester, Birmingham, and Glasgow, as well as the merchants of London, petitioned Parliament for their repeal. The Chamber of Commerce of New York have petitioned the Legislature for their repeal in this State.

Many of the best minds of Europe exposed the impolicy of usury laws long before they were repealed. LOCKE, the great philosopher, said: "Money is a universal commodity and is as necessary to trade as food is to life; everybody must have it at what rate they can get it, and invariably pay dear when it is scarce. You may as naturally hope to set a fixed price on the use of houses or ships as money. The rate is no more capable of being regulated than the price of land."

BACON says: "If a manufacturer or a tradesman must have money, he must either borrow it (if there is a usury law) at an unnecessarily increased rate of interest or be forced to sell his means (be it land or goods) for under their value; and as usury doth but gnaw, bad markets would swallow him quite up." And: "It would be vanity to suppose there can be borrowing without profit, and great inconveniences would arise if borrowing were cramped."

All experience teaches how impossible it is to fix by laws a maximum rate of interest for all occasions. The rate will depend upon various conditions, such as the demand, the facilities of the borrower and the security he offers.

Usury laws increase the difficulties of the borrower whom they are intended to protect, and render his situation worse, for when he must have money, he must pay more than the legal rate, and the lender breaks or evades the law, and consequently indemnifies himself for the danger he undergoes of suffering the penalty. The rate increases in proportion to the severity of the prohibition.

KELLEY, an able writer on this subject, says: "With respect to the efficacy of enacting laws for the purpose of protecting men against themselves, however desirable if it could be accomplished, it must now, it is conceived, be given up as useless and impracticable since centuries of experience convince us that such laws tend, in a great degree, to accelerate the ruin of those very persons for whose special protection they were designed; and it may well be doubted whether in other respects they do not lead to greater immoralities than they repress, by producing perjury, in the temptation held out to unprincipled men to share in the enormous penalties which these laws inflict, as well as in attempts by such means to avoid the payment of debts honestly incurred."

The prices of nearly all commodities were once fixed by statute, but those days of political darkness are gone; the usury laws are their only remaining relic, and it is to be hoped the further increase of knowledge will ere long cause them to disappear.

A great change has been effected of late years in the minds of the people. In 1839 the usury law was repealed in England, as it since has been in most of the nations of Europe. It is now admitted there that the operation of such laws tended only to raise the real rate of interest by driving men in distress to adopt extravagant methods of raising money. No axiom is better established there than that money, like water, will seek its own level.

A change in the sentiment of this country is going on also. In many of the United States there are now no usury laws. Parties are permitted to contract for such rates as they may agree upon in Maine, Massachusetts, Rhode Island, and Connecticut, these States having repealed their usury laws within a few years. Those States which now have statutes to repress usury, are Alabama, Delaware, Illinois, Iowa, Kansas, Louisiana, Missouri, New Jersey, New York, North Carolina, and Wisconsin, while in Pennsylvania, Michigan, Mississippi, and a few other States, the rate of interest is prescribed, with a provision that if more is agreed to be taken the excess shall be forfeited. In most of the remaining States parties are left to regulate the subject at discretion by agreement in writing, a statute fixing the rate when no agreement is made. Where there is no statute there is no usury—that is, there is no usury at common law.

The penalty in New York is more severe than in any other State in the Union. It is forfeiture of principal and interest and a fine and imprisonment. Attempts are made at every session of the Legislature to repeal or modify the law, but without success.

The usury laws of the different States, in which such laws exist, differ in many of their provisions, but what *constitutes* usury in one State *constitutes* it in another, and the decisions on this point in one State are generally applicable in another.

To constitute usury it is necessary that there be a loan of money. It need not be in the *form* of a loan but must be one

in fact; and whether the transaction is a loan or not is a question for the jury. The loan of one's credit is not usury; a pretended sale with intent to disguise a loan and evade the statute against usury is held usurious; a deed absolute on its face, where there is an agreement that the property shall be deeded back on the payment of a certain sum, has been held to be only a mortgage, the transaction a loan disguised, and the usury laws applying to it.

There is usury in a transaction if more than the legal rate is paid or reserved, whether in the form of interest, or included in the principal; that is, if the note be for more than the loan and legal interest would amount to, or if the excess be taken or reserved as a bonus, the transaction is usurious.

It is necessary also that there should be a corrupt intent to take more than the legal rate. If the parties did not intend to do the *thing* forbidden, no penalty attaches. There is a difference between a mistake of *law* and a mistake of *fact*. Ignorance of law will not excuse parties who violate it, but ignorance of fact will. In order for the usury law to apply, it is not necessary that the parties should intend to violate the law, but it is necessary that they should intend to do the act which the law forbids. If one takes more than the legal rate by a mistake in computation there is no usury and no penalty applies.

A promissory note given *bona fide* in the usual course of business for a valuable consideration, may be sold for what it will fetch, and there is no usury, although the discount may be greater than the legal interest. An accommodation note, however, is different. If the note is loaned to raise money on, and sold at a discount exceeding the lawful interest, it would be usurious.

In some cases, New York for example, the statute declares every contract founded in usury absolutely void. It is so even in the hands of an innocent holder, and cannot be enforced by any one.

In other States, the statute declares that the principal and legal interest may be collected, and makes it void only as to the excess.

It sometimes declares a usurious contract void as between the original parties, but valid in the hands of an innocent holder.

An innocent holder is one who takes the note or bill before maturity without knowledge of any defence to it, and who parts with value at the time of the transfer to him. If it is transferred on account of an indebtedness already existing he is not protected.

The laws of the different States sometimes conflict, when the question arises which shall determine the validity of a contract. The general rule is that the laws of the State where the contract was made shall determine, but if it, by its terms, is to be performed in another State, the laws of the latter shall govern. If such a contract be forbidden by the law of the State where made, and is to be performed in another State for the purpose of evading the law of the former, this rule does not apply. If void by the law of the State where it was made, it is void everywhere.

THE USURY LAWS OF THE STATES AND TERRITORIES,

WITH RECENT DECISIONS UNDER THEM.

I. ALABAMA.

Eight per cent. is the legal rate of interest. All interest is forfeited and the defendant recovers costs where a higher rate is taken or agreed to be taken.

Usury in the note on which a judgment at law is founded, constitutes no ground for equitable relief against the judgment, unless a sufficient excuse is shown for the failure to make the defense at law.—McCollum *v.* Prewitt, *Alabama Reports, vol.* 37, *p.* 574.

Where a debtor borrows money at usurious interest, gives a mortgage or deed of trust to secure its payment, and afterwards comes into equity for relief, he will be required to pay the principal sum due, with legal interest thereon; but rests will not be allowed at each renewal of the debt, so as to convert the legal interest then due into principal.—McGehee's Administrator *v.* George, *Alabama Reports, vol.* 38, *p.* 323.

The defense of usury can only be set up by a party to the usurious contract, or by some one having an interest in, or prejudiced by the same.—Lehman, Durr & Co. *v.* Marshall, *Ala. Reports, vol.* 47, 323.

A debtor may pay usurious interest on his debt, and he may convey his property for that purpose; and he alone can avail himself of the defense of usury.—Fielder *v.* Varner, *Ala. Reports, vol.* 45, *p.* 429.

Usury is a personal defense, and cannot be taken advantage of by a judgment creditor of the borrower.—Baskins *v.* Calhoun, *Alabama Reports, vol.* 45, *p.* 582.

A mortgage is not fraudulent on account of usury in the debt intended to be secured, when the usury is not so excessive as to render the debt a simulated one.—Baskins *v.* Calhoun, *Alabama Reports, vol.* 45, *p.* 582.

II. ARIZONA TERRITORY.

In the absence of a contract the legal rate is ten per cent., but parties may agree, in writing, upon any rate, and a judgment on such contract shall bear interest at the same rate as agreed upon in the contract.

III. Arkansas.

When no rate is agreed upon, the legal rate is six per cent. Parties may agree upon any rate. The constitution prohibits the passage of any usury law by the legislature.

Where the action is upon a writing obligatory for the payment of money, and the plea sets up that it was agreed between the parties thereto that it should be paid in Confederate money, which, at the time the contract was made, was worth but twenty cents on the dollar, *Held*, that the plea sets up a parol contract, different in terms from that declared upon, and which presents no valid defense to the action.

The plea of usury must always aver the intention to take or reserve more than the legal rate of interest.

Where the contract, by its terms, does not import usury, it must be proved that there was some corrupt agreement, device or shift, to cover usury.

The fact that a contract in terms, payable in so many dollars, and drawing ten per cent. interest, was in fact agreed to be paid in Confederate money, which was greatly depreciated, is not alone sufficient to prove an intention to reserve more than the legal rate of interest.—Moody *v.* Hawkins, *Arkansas Reports, vol.* 25, *p.* 191.

To constitute usury there must always be a loan in contemplation by the parties.

No contract which, in its inception, is unaffected by usury, can ever be invalidated by any usurious transaction. To constitute usury there must be an intent to contract for and to take usurious interest.

A note for $ 700, bearing interest at ten per cent., the consideration of which was oxen, worth $ 200 and $ 500 of Confederate money worth but fifty cents on the dollar, is not usurious in its inception.

The facts and acts which constitute usury and an usurious interest, must be averred in the plea with certainty and not left to inference.—Jordan *v.* Mitchell, *Ark. Reports, vol.* 25, *p.* 258.

While the law of the place of the contract interprets and construes it—the law of the place where it is put in suit determines all questions as to the manner in which the same may be enforced.

Usury should be specifically pleaded; it is not sufficient to aver that a note was made, signed, sealed and delivered at a particular place; facts, sufficient to show the intention of the parties, should be averred.

A corrupt agreement and the intention to take or reserve more than the legal rate of interest, are essential ingredients in all usurious contracts, and must be averred in a plea of usury.—Laird *v.* Hodges, *Ark. Reports, vol.* 26, *p.* 356.

IV. California.

The legal rate is ten per cent. from the time the debt becomes due till judgment is entered, after which it draws seven per cent. Parties, however, may agree upon any rate.

By the use of the term, legal interest, in a statute, must be understood interest at a rate per cent. fixed by law in the absence of special contract, at the date of the passage of the act.—Beals *v.* Amador County, 35 *California, p.* 625.

Without an express contract in writing made by the testator, providing for a higher rate of interest than ten per cent. per annum, the executors have no authority to consent to the entry of a judgment bearing a greater rate of interest than ten per cent. per annum; and if they do so they should be charged with the excess of interest in their final account.—Matter of Estate of Isaacs, 30 *California, p.* 105.

Where A executes a promissory note to B, bearing interest at three per cent. per month, and C, D, and E sign the note as sureties for A, and B afterwards recovers judgment on the note against A, the maker, and the sureties, and the sureties pay the judgment; in an action by the sureties against the maker for the money thus paid, they can only recover judgment for the amount of money paid, with interest, at the rate of ten per cent. per annum, from the time of payment.

Where there is no agreement of contract in writing, fixing a different rate of interest, parties are limited in their recovery to ten per cent. per annum.

The rate of interest fixed in a promissory note is not a contract or agreement in writing between the maker of and sureties on the note.—Smith *v.* Johnson, 23 *California, p.* 63.

The act of March 30th, 1868 (Statutes 1867–8, p. 553), reduced the rate of interest in case of the absence of a contract from ten to seven per cent. per annum; and the effect was that though ten per cent. might be computed up to the taking effect of that act, only seven per cent. was allowable afterwards.

The act of March 30th, 1868 (Statutes 1867–8, p. 553), reducing the rate of interest, was only prospective in its operation, and was not intended to take away or impair rights, which had already accrued under the prior statutes.—White *v.* Lyons, 42 *Cal., p.* 279.

V. Colorado.

Parties may agree upon any rate if settled in writing. In the absence of an agreement the legal rate is ten per cent.

VI. Connecticut.

Parties may agree, in writing, upon any rate. In the absen of an agreement the rate is six per cent.

VII. Dacotah.

Seven per cent. is the legal rate in the absence of an agreement.

Parties may stipulate for any rate, not to exceed eighteen per cent. Usury renders the contract void. Neither principal nor interest can be recovered.

VIII. Delaware.

The legal rate is six per cent. The penalty for usury is the forfeiture of principal and interest.

In an action upon a promissory note against an endorser, the maker of it is a competent witness for the defendant.

No action will lie against the endorser of a promissory note for the accommodation of the maker, by the holder of it who discounted it for the latter with the knowledge of its character, at a higher rate of discount than six per cent., for it was in effect a loan of money to the amount advanced upon it, within the meaning of the statute against usury, and as such was void for that reason, notwithstanding the statute does not in terms provide or declare that a loan or contract made contrary to the provisions of it shall be void.—Cook *v.* Peirce, *Houston's Delaware Reports, vol.* 2, *p.* 499.

In an action of debt *qui tam* under the statute against usury, to recover the forfeiture and penalty imposed by it, at the suit of the surety, the principal in the bond given to secure the payment of the money borrowed is a competent witness to prove the usury.

The offence is consummated, the forfeiture is incurred, and the cause of action accrues under the statute, not when the loan is contracted and the money is advanced by the lender, but when the debt is paid by the borrower; and the forfeiture ought not to exceed the actual amount lent without interest thereon.—Gardner *v.* Daniel, *Houston's Del. Reports, vol.* 2, *p.* 300.

IX. District of Columbia.

The legal rate is six per cent., but parties may agree, in writing, for any rate not to exceed ten per cent. An agreement to receive more than six per cent., if verbal, or to receive more than ten, in writing, forfeits the whole interest. Only principal can be recovered, and the whole interest may be recovered back if suit is commenced within one year from the payment of the interest.

X. Florida.

Eight per cent. is the legal rate in the absence of an agreement. Parties may agree upon any rate. The usury laws have been repealed.

The statute of usury (Th. Dig., 234, S. I.) refers to contracts of the loan of money or things of value for a specified interest or compensation for their use, according to their value; and such contracts as provide for a certain uncontingent repayment of the principal sum or value, and a certain uncontingent rate in value for its use, and unless a contract is in violation of this principle, it does not come within the prohibition of the statute, and therefore, a contract to repay one and a-half bushels of corn within a year for one bushel advanced, is not within the prohibition of the statute of usury, because the value of the article is fluctuating, and the increased quantity may not be equal, in money value, at the time of payment, to the value of the principal or thing loaned at the time of the loan.—Morrison *v.* McKinnon, 12 *Fla. Rep.*, *p.* 552.

The compounding of interest is not usurious under the laws of this State which limited the rate of interest.—County Commissioners of Columbia County *v.* King, *vol.* 13, *Florida Reports*, *p.* 451.

XI. Georgia.

The legal rate is seven per cent. in the absence of an agreement. Parties may fix their own rate, if in writing. There is no usury law.

Where one partner borrowed money in the name of the firm and promised to pay usurious interest, the other partner cannot set up the illegality of the contract and thereby defeat the right of the creditor to recover back from the partnership his principal and legal interest. Under our law the contract is illegal to the extent of the usurious interest only.—Dillon *v.* McRae, 40 *Georgia Reports*, *p.* 107.

A contract to pay money at a subsequent period, with interest to be paid annually and if the interest be not paid annually then to become principal, is valid; it is neither usurious, unconscionable, nor contrary to public policy, and the courts will enforce such a contract. If the interest accruing be not paid, when due, suit may be maintained to collect it.—Scott, Trustee, *v.* Saffold, 37 *Georgia Reports*, *p.* 384.

XII. Idaho.

The legal rate in the absence of an agreement is ten per cent., but parties may agree, in writing, upon any rate not to exceed twenty-four per cent. The party receiving a higher rate forfeits three times the excess and is liable to a fine of three hundred dollars or six months' imprisonment, or both.

XIII. Illinois.

The legal rate is six per cent., except that by agreement it may be not to exceed ten. If a higher rate is taken or agreed to be, the whole interest is forfeited.

Usurious transactions, from the actual or presumed disparity of condition between the parties, the borrower being generally controlled by a necessity which places him measurably within the power of the lender, have ever formed an exception to the general rule that parties shall be deemed *in pari delicto*, when they intentionally participate in the violation of law, the borrower being regarded as under such constraint of circumstances, such moral duress, as to take from him the character of *particeps criminis*.—Hewitt *v.* Dement, 57 *Ill.*, *p.* 500.

A purchaser of land being unable to meet his payments promptly, executed to his vendor a new note, payable in gold coin, or in United States treasury notes, with a premium to be added equal to the difference between the value of gold and treasury notes, on a certain day, which was largely more than the rate of interest allowed by law. The original contract was payable in treasury notes. *Held*, the new note was usurious, as it gave to the vendor more than the legal rate of interest.—Gates *v.* Hackethal, 57 *Ill.*, *p.* 534.

A promissory note was given for $146.15, payable eighty days after date, with interest at twenty-four per cent. per annum, *after* maturity, as compensation and damages for non-payment. *Held*, that rate of interest was recoverable, to be computed from and after the maturity of the note, if it was not then paid. Such a note is not usurious.—Davis *v.* Rider *et al*, 53 *Ill.*, *p.* 416.

A note executed in this State, payable in New York, renewable at intervals of sixty or ninety days, the maker paying the exchange, is not usurious.—Griffin *v.* Marine Co. of Chicago, 52 *Ill.*, *p.* 132.

Under the interest law of 1853, a corporation cannot interpose the defense of usury in any action.—American Central Railway Co. *v.* Miles, 52 *Ill.*, 174.

On a note or account made in another State, and the rate of interest is not named in the note, and there is no proof of the rate of interest notes and accounts bear where the indebtedness was incurred, it is error to allow more than the rate allowed by our law in the absence of contract.—Hall *v.* Kimball, 58 *Ill.*, *p.* 58.

The law allowing interest at the rate of ten per cent. to be contracted for, there is no objection to an agreement to pay that rate of interest in consideration of forbearance in the collection of a note drawing only six per cent. interest.—Austin *v.* Bainter, 50 *Illinois*, 308.

Where one, who has collected money for another, agrees verbally to pay ten per cent. interest thereon, in a suit to recover the money, interest at that rate should be allowed.—Carr v. Miner, 42 *Illinois*, 180.

Where, on bill filed to redeem from a mortgage, an amount is found to be due the mortgagee on the 19th of February, 1856, upon which the mortgagor had agreed to pay interest at ten per cent., the interest law of 1849, being then in force, would govern the rate of interest, and it appearing the transaction was not for money loaned, and usury being relied upon, only six per cent. was allowed.—Cushman *v.* Sutphen, 42 *Illinois*, 256.

A party cannot recover back, either at law or by bill in equity, usurious interest which he has paid.—Pitts *et al. v.* Cable, 44 *Illinois*, 103.

XIV. Indiana.

The legal rate is six per cent. where there is no contract. Parties may agree, in writing, upon a rate not to exceed ten per cent. All interest exceeding ten per cent. per annum is usurious as to the excess only.

By a law passed in February, 1873, judgments shall draw the same rate as contract, not exceeding ten per cent. on contracts made since that law was passed.

The interest law of March 9th, 1867, rendered valid contracts for interest at a greater rate than six per cent., made before its passage.—Highfill *v.* McMickle, Administrator, 39 *Ind.*, 270.

One who has paid, or agreed to pay, interest at a higher rate than ten per centum per annum, can only recoup or defend against the excess over ten per cent.—Yancy *et al. v.* Teter *et al.*, 39 *Ind.*, 305.

Usurious interest paid at a time when the interest law of 1865 was in force, cannot be recovered back or constitute a defense in a suit for the principal.—Bowen *et al. v.* Wood, 35 *Ind.*, 268.

The law in force at the time the remedy is sought upon a contract governs as to questions of usury.—Perrin *v.* Lyman's Administrator, 32 *Ind.*, 16.

An agreement for a usurious rate of interest does not make a contract void.—Charlton *et al. v.* Tardy, 28 *Ind.*, 452.

Where a person contracts for the payment of a higher rate of interest than can at the time be lawfully contracted for, but the law in force at the time the remedy is sought against him allows parties to contract for the payment of such higher rate, the latter law controls.—Klingensmith *et al. v.* Reed, 31 *Ind.*, 389.

The act of 1867, increasing the maximum rate of interest to ten per cent., when that rate is provided for by contract, in writing, does not affect the third section of the act of 1861, enacting, that interest on a judgment, or decree for money, shall be from the date of signing until the same be satisfied, at the rate per cent. agreed upon by the parties in the original contract, not exceeding six per cent., and if there was no contract by the parties as to interest, then at the rate of six dollars a year on one hundred dollars.—Smith *v.* Thomas, 31 *Ind.*, 280.

XV. Iowa.

The legal rate is six per cent., except that by agreement it may not be to exceed ten. If a higher rate is agreed upon the plaintiff cannot recover any interest or costs.

A decree ordering the reconveyance of land held under an absolute deed, as security for the payment of a note tainted with usury, should require, as a condition precedent to such reconveyance, a payment of the sum actually found due the holder of the note.—Vennum *v.* Babcock *et al.*, 13 *Iowa*, 194.

Where money is borrowed at usurious interest, and a part thereof, with the usury, is paid, and a note given at a legal rate of interest for the balance, the contract is tainted with usury.—Callanan *et al. v.* Shaw, 24 *Iowa*, 441.

If the maker of a usurious note represents to a person about to purchase the same, that there was no usury in it, and such person takes it upon the faith of such representations, and without any knowledge of its being usurious, the maker is estopped from afterward setting up the defense of usury; *aliter*, if such representations were not relied upon, or the assignee had knowledge of the usury. —Callanan *et al. v.* Shaw, 24 *Iowa*, 441.

The provisions of the statute against usury apply not only to contracts for the loan of money, but to those of purchase or sale of real estate and to all contracts wherein an unlawful rate of interest is provided for.—Callanan *et al. v.* Shaw, 24 *Iowa*, 441.

The *bona fide* purchase of an accommodation note by a person ignorant of the character of the paper, for a less sum than its face, or at a greater rate of discount than legal interest, is not a usurious transaction; and the defense of usury is not available by the maker in an action against him on the note by such holder. —Dickerman *v.* Day *et al.*, 31 *Iowa*, 444.

XVI. Kansas.

The legal rate is seven per cent. where there is no contract, but parties may agree, in writing, upon any rate not to exceed twelve per cent., and the judgment shall bear the same rate as the contract, not exceeding twelve per cent.

Usury forfeits excess over twelve per cent.

A mortgage made in July, 1868, covenanted for the payment of the debt secured, and for twelve per cent. interest thereon, and the further sum of two hundred dollars liquidated damages, in case of foreclosure of the mortgage: *Held*, that the stipulation for liquidated damages in such case is in contravention of the law, and void.—Kurtz *v.* Sponable, *Kansas Reports*, *vol.* 6, *p.* 395.

The taking of full legal interest in advance on a loan upon note and mortgage for one year is not usurious.—Tholen *v.* Duffy. *Kansas Reports*, *vol.* 7, *p.* 405.

XVII.—Kentucky.

The rate is six per cent., but parties may contract in writing for a rate not exceeding ten per cent. per annum, and a judgment will draw the rate provided for in the contract, not to exceed ten per cent., except in case of the death of the payor; the contract, after maturity, will bear only six per cent. Judgments will bear the same rate as the contract in writing, not to exceed ten per cent. An agreement to receive more than ten per cent. forfeits the whole interest, and if the lender refuse a tender of the principal without interest before suit he will have to pay the cost of suit.

A defendant in an action who has permitted judgment by default, and who has paid off and satisfied the same upon execution, can afterward maintain an action in equity against the plaintiff for usury embraced in said judgment, notwithstanding he knew when the judgment was rendered, and when the money was paid, that the usury was embraced in the judgment.—Ross *v.* Ross, 3 *Met. Ky.*, 247.

A defendant sued for usury pleaded: that he had sued on the debts alleged to have embraced the usury and obtained judgment at law: that execution issued on the judgment was returned "no property," and that he had subsequently sued in equity to subject the interest of the plaintiff in certain lands to the payment of the debts, which had been done, and the debts satisfied. *Held*, that these facts presented no defense to the action.—Scott *v.* Shropshire, 2 *Duv. Ky.*, 153.

A firm of bankers held the note of H for $6,000, which one of the firm assigned to his son as an advancement. The obligor took up the note by giving two notes payable to two other persons, who indorsed them to the son. In an action by the latter on the two notes, the obligor alleged and proved that the firm were the owners of the notes sued on, and that he had paid them large amounts of usury on the transaction. *Held*, that he was entitled to an abatement for the usury so paid.—Humphreys *v.* Pearce, 1 *Duvall*, 237.

On the 1st of August, 1862, A borrowed of G legal-tender United States treasury notes, and agreed to pay their nominal amount in gold, with usurious interest, and executed his several notes therefor, payable in one, two, three and four years. Held, that to the extent of the difference between the value of the currency when loaned and gold the obligation must be considered as an evasion of the usury laws.—Glass *v.* Abbott, 6 *Bush.*, 622.

(*To be continued.*)

ONE HUNDRED YEARS AGO.

FINANCE IN 1774.

THOMAS HUTCHINSON, counsellor, lieutenant-governor and chief-justice of Massachusetts, sailed from Boston, June 1, 1774, never to return to his native land. He was one of the ablest and most accomplished men of the province, and had been its most eminent and influential citizen. But his political sympathies were on the side of the mother-country, and the sentiment toward him changed, therefore, to one of deep animosity.

That there were, however, occasions in his public career for which Massachusetts owes to Governor HUTCHINSON a debt of gratitude is evident.

From a sketch of his life which appears in the *Boston Commercial Advertiser* we take the following:

For the purpose of defraying the cost of the expedition against Louisburg and other military enterprises during the war between France and England, which was terminated by the peace of Aix-la-Chapelle, in 1748, Massachusetts had issued bills of credit to the nominal amount of about twenty-two hundred thousand pounds provincial currency, but really representing about four hundred thousand pounds sterling, As no adequate provision had been made for their redemption the bills rapidly depreciated in value; and the inevitable consequences ensued. Governor HUTCHINSON, then Speaker of the House of Representatives, tells the story in a striking passage in his *History of Massachusetts*. "The apprehension of their depreciation," he says, "tended to increase it, and occasioned a quick circulation, and for some time, even for English goods, which ordinarily sell for the longest credit, nobody pretended to ask credit. They were constantly, however, dying in somebody's hand, though nobody kept them long by them. Business was brisk; men in trade increased their figures, but were sinking the real value of their stock; and what is worse by endeavors to shift the loss attending such a pernicious currency from one to another, fraudulent dispositions and habits are acquired, and the morals of the people depreciate with the currency." It was when the bills had depreciated to such an extent that eleven or twelve hundred pounds were not worth more than one hundred pounds sterling, that Parliament voted to re-imburse the province for its war expenses to the amount of about one hundred and eighty-three thousand pounds sterling. There were men in places of authority and influence then, as there are now, who believed that an irredeemable paper currency was a great blessing, and who were opposed to any comprehensive

scheme for bringing back the currency to a stable condition. Fortunately HUTCHINSON was not one of them; and he devoted the whole force of his intellect to the preparation of a plan for applying the war indemnity toward a redemption of the outstanding bills of credit and for extinguishing the residue by a direct tax. The measure which he introduced for this purpose was at first rejected, but such was the confidence in him at that time that a reconsideration was carried; and his bill became a law. The result proved the wisdom of HUTCHINSON'S plan, and the superiority of a hard money currency over a fluctuating paper medium. "The apprehension of a shock to trade proved groundless," says the historian; "the bills being dispersed through every part of the province," the silver took place instead of them, a good currency was insensibly substituted in the room of a bad one, and every branch of business was carried to greater advantage than ever before. Well might JOHN ADAMS write of HUTCHINSON sixty years afterward—"As little as I revere his memory I will acknowledge that he understood the subject of coin and commerce better than any man I ever knew in this country."

Seven or eight years before this, almost at the beginning of his public career, HUTCHINSON had shown, by a strenuous opposition to the LAND BANK, how thoroughly he understood the principles of finance. The capital of this notable institution was to be one hundred and fifty thousand pounds, for which bills were to be issued to the subscribers on the security of a mortgage of real estate, or of personal bonds with two sureties. The annual interest was to be three per cent., and five per cent. of the principal was to be repaid yearly. The directors were also authorized to receive payments in the produce or manufactures of the Province at such rates as they might fix. HUTCHINSON'S opposition to this hopeful scheme was ineffectual; but it was not the less creditable to him. The bank went into operation; and its directors, we are told, "purchased every sort of commodity, ever so much a drug, for the sake of pushing off their bills, and by one means or other a large sum, perhaps fifty or sixty thousand pounds, was abroad." As no means were provided for the redemption of the bills the evil threatened to become very great, and to plunge the province in confusion; and finally the interference of Parliament was invoked. The bank was then dissolved, with considerable loss to its promoters, since many of the bills had been issued at much less than their nominal value, and were now to be redeemed at their face.

Of the services which HUTCHINSON rendered as one of the commissioners for settling the boundary between Massachusetts and New York, and in other less conspicuous positions, we need not say a word. But we ought to add that in his history of Massachusetts we have a perpetual monument to his memory, and a convincing proof that, in spite of his defects in character and errors in judgment, he loved his native land with a genuine affection.

THE PUBLICATION OF NATIONAL BANK REPORTS.

Treasury Department, Office Comptroller of the Currency,
Washington, June 1, 1874.

The act of March 3, 1869, regulating the reports of National banking associations, provides, among other things, that each report made to the Comptroller of the Currency shall be published by the bank making the same, which publication shall be "in the same form in which it is made to the Comptroller." To insure compliance with this requirement, blank publisher's certificates are sent to the banks whenever a report is called for, on which are printed, conspicuously, full instructions in regard to publishing, together with a sample of the form of publication required.

But it has long been noticed that while most of the banks observe strictly such requirements and instructions, there are many others which, through inadvertence or other cause, habitually neglect or violate them. It is therefore thought best to call attention to the subject in this manner, and to request that *all* banks shall hereafter comply with the requirements of the law as to such publications.

The main requirement here referred to is that nothing which is material and essential in the original report shall be omitted in the printed one. The report as published should give the full title of the bank, and the name of the village or city, as well as of the State or Territory, in which it is situated. If any of the items appearing in the blank forms remain blank in the report sent to this office, *such items*, *only*, may be omitted from the publication. All other items should be printed precisely as they appear in the original report, with the exceptions that the three items of "Banking house," "Other real estate," and "Furniture and fixtures," may be printed under one head and called "Real estate, furniture, and fixtures," and that the amount of circulating notes outstanding may be shown in one item, instead of in three as in the original.

The affidavit and signature of the cashier or president of the bank, the certificate of the magistrate or notary, and the attestation of at least three directors, must be printed precisely as they appear in the original report.

The publication must be in a newspaper *in the place where the bank is established;* or if there be no newspaper in the place, then in the one published *nearest thereto in the same county.*

Hereafter, as an additional aid in securing correct publications, sample forms for printed reports will be printed on the backs of the certificates sent from this office, which forms will be sufficiently large to enable the banks to enter thereon a transcript of their original report. Bank officers are requested to use these forms in furnishing "copy" to the printer for publication.

It is hoped and expected that attention having thus been called to this subject, future publications will show no cause for further unfavorable criticism.

JNO. JAY KNOX,
Comptroller of the Currency.

PRESIDENT GRANT ON THE FINANCIAL QUESTION.

To a note from Senator JONES, of Nevada, requesting a written memorandum of the financial opinions expressed by him, President GRANT returned, on June 4th, the following reply:

Memorandum of views entertained on the subject of desirable legislation on finance: I believe it a high and plain duty to return to a specie basis at the earliest practicable day, not only in compliance with legislative and party pledges, but as a step indispensable to lasting national prosperity. I believe further that the time has come when this can be done, or at least begun, with less embarrassment to every branch of industry than at any future time, after resort has been had to unstable and temporary expedients to stimulate unreal prosperity and speculation on basis other than coin, the recognized medium of exchange throughout the commercial world. The particular mode selected to bring about a restoration of the specie standard is not of so much consequence as that some adequate plan be devised; the time fixed when currency shall be exchangeable for coin at par, and the plan adopted rigidly adhered to. It is not probable that any legislation suggested by me would prove acceptable to both branches of Congress, and, indeed, full discussion might shake my own faith in the details of any plan I might propose. I will, however, venture to state the general features of the action which seems to me advisable, the financial platform on which I would stand, any departure from which would be in a spirit of conference and harmony in deference to conflicting opinions.

First.—I would like to see the legal-tender clause, so-called, repealed; the repeal to take effect at a future time, say July 1, 1875. This would cause all contracts made after that date for wages, sales, etc., to be estimated in coin; it would correct our note and coin value; the specie dollar would be the only dollar known as the measure of equivalents. When debts afterwards contracted were paid in currency, instead of calling the paper dollar a dollar and quoting gold at so much premium, we should think and speak of paper as at so much discount. This alone would aid greatly in bringing the two currencies nearer together at par.

Second.—I would like to see a provision that at a fixed day, say July 1, 1876, the currency issued by the United States should be redeemed in coin on presentation to any Assistant Treasurer, and that all currency so redeemed should be cancelled and never reissued. To effect this it would be necessary to authorize the issue of bonds payable in gold, bearing such interest as would command par in gold, to be put out by the Treasury only in such sums as should from time to time be needed for the purpose of

redemption. Such legislation would insure a return to sound financial principles in two years, and would, in my judgment, work less hardship to the debtor than is likely to come from putting off the day of final reckoning.

It must be borne in mind, too, that the creditor interest had its day of disadvantage also when our present financial system was brought in by the supreme needs of the nation at the time. I would further provide that from and after the date fixed for redemption no bills, whether of National banks or of the United States, returned to the Treasury to be exchanged for new bills, should be replaced by bills of less denomination than ten dollars, and that one year after resumption all bills of less than five dollars should be withdrawn from circulation, and in two years all bills of less than ten dollars should be withdrawn. The advantage of this would be the strength given to this country against a time of depression resulting from war, failure of crops or any other cause, by keeping always in the hands of the people a large supply of the precious metals. With all smaller transactions conducted in coin, many millions of it would be kept in constant use, and, of course, prevented from leaving the country.

Undoubtedly, a poorer currency will always drive the better out of circulation. With paper a legal tender and at a discount, gold and silver become articles of merchandise as much as wheat or cotton. The surplus will find the best market it can. With small bills in circulation, there is no use for coin except to keep it in the vaults of the banks to redeem circulation. During periods of great speculation and apparent prosperity there is little demand for coin, and then it will flow out to a market where it can be made to earn something, which it cannot do while lying idle. Gold, like any thing else, when not needed, becomes a surplus, and, like every other surplus, it seeks a market where it can find one. By giving active employment to coin, however, its presence can, it seems to me, be secured, and the panics and depressions which have occurred periodically in times of nominal specie payments, if they cannot be wholly prevented, can at least be greatly mitigated. Indeed, I question whether it would have been found necessary to depart from the standard of specie in the trying day which gave birth to the first legal-tender act, had the country taken the ground of no small bills as early as 1850. Again, I would provide an excess of revenue over current expenditures. I would do this by rigid economy, and by taxation where taxation can best be borne. Increased revenue would work a constant reduction of the debt and interest, and would provide coin to meet demands on the Treasury for the redemption of its notes, thereby diminishing the amount of bonds needed for that purpose. All taxes, after redemption begins, should be paid in coin or United States notes. This would force redemption on the National banks. With measures like these, or measures which would work out such results, I see no danger in authorizing free banking without limit.

INQUIRIES OF CORRESPONDENTS.

I.—Stolen Bonds as Collateral Security. II.—The Protest of Lost Notes. III.—Protest When Place of Payment is Doubtful. IV.—Payment to Bearer of Checks Endorsed to Order. V.—The Right to Hold Collection Paper. VI. —Drafts in evasion of Stamp Duty.

I.—Stolen Bonds as Collateral Security.

——— National Bank, Boston, 1874.

To the Editor of the Banker's Magazine.

Can a bank lawfully retain and apply towards the payment of an existing debt, municipal or other coupon bonds, pledged as collateral security with power of sale attached to note, the same having been stolen or perverted from proper use?

Reply.

If such stolen bonds were received, innocently, (that is, without knowledge by the lender of their "perversion from proper use"), at the time of making the loan, they can be lawfully retained and applied to its payment. But if the loan had already been made before the receipt of the securities in question, the bank cannot hold them against the claim of their rightful owner.

II.—The Protest of Lost Notes.

——— Bank, St. Louis, 1874.

To the Editor of the Banker's Magazine.

Please answer the following question and confer a favor upon a number of bank officers here who differ in opinion regarding the question at issue:

Where a cashier or banker cannot obtain access to his vaults, through the circumstance of the combination being lost, or for other reasons, can he, in order to hold the endorsers upon paper that matures while the vault is so locked, protest the notes legally by serving notices on the endorsers, first drawing duplicate copies, and making demand for payment of the paper with said copies and not with the notes themselves?

Reply.

If the impossibility of presenting paper so lost be plainly from no fault or negligence of the holder, a demand made of the payor upon a copy of the note or bill, accompanied by the tender of *a proper bond of indemnity*, and due notice of non-payment, would hold the endorser. Such a demand is clearly the duty of the holder according to *Story on Promissory Notes* (§ 290). But it is not safe to predict that a banker who loses the combination by which his vaults are opened, would escape the penalty of negligence. There is neither necessity nor excuse for such a loss, so long as it can be prevented by the simple expedient of recording the combination in more than one place.

III.—Protest, When Place of Payment is Doubtful.

——— Bank, Vermont, 1874.

To the Editor of the Banker's Magazine.

Please give me your opinion where the inclosed note is payable. In case of non-payment where could it be protested?

$100. Boston, Mass., April 10, 1874.

Three months after date I promise to pay the bearer one hundred dollars, value received.
George Jones,
Bellows Falls, Vt.

Reply.

A careful banker will refuse to receive such a note without explicit instructions from its depositor. Once taken, it is the holder's duty to ascertain the maker's place of business or residence, and failing, after diligent inquiry, to learn this, we should consider the note payable at the place indicated under the signature if in the same handwriting.

IV.—Payment to Bearer of Checks Endorsed to Order.

——— National Bank, Kansas, 1874.

To the Editor of the Banker's Magazine.

Can you cite to me some decision covering a case similar to the one herein described?

A check, made payable to bearer, has passed into several hands and to John Smith, who endorses it payable to order of J. B. Thompson, and transmits to him by mail, or otherwise.

In transit it is lost, and the finder, or some *innocent holder*, presents it for payment. The bank pays it without examining the back, as the check is payable *to bearer.*

Query: Would the payment be valid, or would the bank be liable for second payment?

Reply.

A check payable to bearer is an instrument complete without any indorsement. If the holder desire to change its payment from the bearer to some specified person, it is his duty, since he cannot alter the check, to call attention, on its face, to the order written on its back. In the absence of anything directing attention to the change, we think that a bank whose teller had inadvertently paid it to bearer would not be compelled, by law, to pay such a check a second time. There is no legal decision, so far as we know, upon this question.

V.—The Right to Hold Collection Paper.

——— National Bank, Pa., 1874.

To the Editor of the Banker's Magazine.

Please inform me if, according to latest rulings, a creditor bank has any claim on collection paper maturing subsequent to failure of a debtor bank.

Is it the duty of creditor bank to remit banks owning such collections upon proper orders being sent by both banks?

Reply.

A creditor bank has a valid claim on the collection paper of a debtor bank, held by the former, provided the paper be the property of the latter, and not left with it for collection by a third party. But if the debtor bank should be thrown into bankruptcy this claim would not hold good.

If the unmatured collection paper be shown to belong to a third party, it is the duty of the creditor bank to surrender it or to pay over the proceeds, upon proper orders from both the remitting bank and the true owner of the paper.

VI.—Drafts in Evasion of Stamp Duty.

—— Bank, N. Y., —— 1874.

To the Editor of the Banker's Magazine.

I notice that a great many banks are writing their drafts "one day after date without grace," to avoid paying stamp duty on them.

Is this an evasion of the Internal Revenue Law? How does it affect the draft? Does it make it a time bill of exchange, and must it be presented one day after date and protested on that day in order to hold endorsers?

And how would this phrase affect the draft, "On demand one day after date without grace?"

Reply.

Upon such drafts we have before given our opinion. The first mentioned are unquestionably an evasion of the Internal Revenue Law, and their tenor makes them bills of exchange, presentable on the day of their maturity in order to proper demand and protest.

The phraseology, "on demand one day after date, &c.," opens a point upon which we have never heard of a decision; but while, as evidently as the former, an attempt at evasion of the stamp duty, we think that protest would hold good, if within any reasonable time after the date specified.

Bank of British North America.—The thirty-eighth yearly meeting of the shareholders of this bank was held in London on 2d June. The chairman considered himself fortunate in having to bring before them such a satisfactory report. Last year there had been a severe panic in New York, which had been felt throughout Canada, but they had scarcely suffered any loss therefrom, and the report showed the profit of £138,000. They had steadily grown from £70,000 in 1868 to £71,000 in 1869, £76,000 in 1870, £94,000 in 1871, £117,000 in 1872, and £138,000 in 1873. These profits had arisen in great measure from their freedom from losses, which, in banking business, is a great point As experience taught the directors that they ought, in a good year, to supplement materially their reserve fund, they proposed to add to it £38,000, making the total up to £240,000. They were actuated in this also, by the feeling that their business was increasing to such an extent as to require a good reserve, and he was sure that in adding £38,000 to that fund they would be supported by all interested in the bank. He had to add that the business was going on in a very satisfactory way; they were perfectly satisfied with the way in which it was being conducted. The report was adopted, and the dividend at the rate of ten per cent. per annum declared.

NATIONAL BANKS OF THE UNITED STATES.

May, 1874.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National banks of the UNITED STATES, at the close of business, April 19, 1872, April 25, 1873, and May 1, 1874.

RESOURCES.	*April* 19, 1872. 1,843 *banks.*	*April* 25, 1873. 1,962 *banks.*	*May* 1, 1874. 1,978 *banks.*
Loans and discounts	$ 841,069,414 77	$ 908,071,471 60	$ 919,258,917 97
Overdrafts	3,832,838 72	3,992,795 71	4,088,112 82
U. S. bonds to secure circul'n	374,428,450 00	386,763,800 00	389,248,900 00
U.S. bonds to secure deposits	15,169,000 00	16,235,000 00	14,890,200 00
U. S. bonds on hand	19,292,100 00	9,613,550 00	10,152,000 00
Other stocks, bonds,&mortg's	21,538,914 06	22,449,146 04	25,460,460 20
Redeeming and reserve agt's	82,120,017 24	88,815,557 80	94,017,603 31
Due from other Nat. banks.	36,697,592 81	38,671,088 63	41,291,215 24
Due from State banks &b'kers	12,299,716 94	12,883,353 37	12,374,391 28
Real estate,furniture&fixtures	30,809,274 98	34,216,878 07	36,708,066 39
Current expenses	7,026,041 23	7,410,045 87	7,547,203 05
Premiums paid	6,544,279 29	7,559,987 67	8,680,370 84
Checks and other cash items	12,461,171 40	11,425,209 00	11,948,598 31
Exchanges for clearing house	114,195,966 36	94,132,125 24	94,878,218 92
Bills of other National banks	18,443,652 00	19,276,210 00	20,636,358 00
Bills of State banks	49,180 00	33,992 00	37,094 00
Fractional currency	2,143,249 29	2,198,973 37	2,187,186 59
Specie	24,433,899 46	16,868,808 74	32,569,969 26
Legal-tender notes	103,308,455 00	99,935,287 00	101,702,930 00
Clearing-house certificates	13,909,000 00	1,140,000 00	——
Three-per-cent. certificates	3,880,000 00	10,000 00	——
U. S. certif. for legal tenders	——	18,600,000 00	40,125,000 00
Aggregate Resources	1,743,652,213 55	1,800,303,280 11	1,867,802,796 18

LIABILITIES.	*April* 19, 1872. 1,843 *banks.*	*April* 25, 1873. 1,962 *banks.*	*May* 1, 1874. 1,978 *banks.*
Capital stock	$ 467,924,318 00	$ 487,891,251 00	$ 490,077,101 00
Surplus fund	104,312,525 81	115,805,574 57	125,561,081 23
Undivided profits	46,428,590 90	52,415,348 46	54,331,713 13
Natl. bank notes outstand'g	325,305,752 00	338,163,864 00	340,088,649 00
State bank notes outstand'g	1,763,885 00	1,280,208 00	1,229,857 00
Dividends unpaid	1,561,914 45	1,462,336 77	2,257,558 91
Individual deposits	620,775,265 78	616,848,358 25	649,286,298 85
U. S. deposits	6,355,722 95	7,880,057 73	7,994,422 27
Deposits of disbur'g officers.	3,416,371 16	4,425,750 14	3,297,689 24
Due to National banks	120,755,565 86	126,631,926 24	135,640,418 24
Due to State banks & bank'rs	35,005,127 84	35,036,433 18	48,683,924 34
Notes and bills re-discounted	4,225,622 04	5,403,043 38	4,581,420 38
Bills payable	5,821,551 76	7,059,128 39	4,772,662 59
Aggregate Liabilities	1,743,652,213 55	1,800,303,280 11	1,867,802,796 18

NATIONAL BANKS OF THE CITY OF NEW YORK.

May, 1874.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National banks of the City of New York, at the close of business, April 19, 1872, April 25, 1873, and May 1, 1874.

RESOURCES.	*April* 19, 1872. 51 *banks.*	*April* 25, 1873. 49 *banks.*	*May* 1, 1874. 48 *banks.*
Loans and discounts	$ 184,995,769 79	$ 190,199,469 24	$ 205,693,294 27
Overdrafts	115,606 39	237,346 11	360,993 61
U.S. bonds to secure circul'n.	36,412,100 00	34,246,100 00	33,823,100 00
U.S. bonds to secure deposits.	1,064,000 00	700,000 00	650,000 00
U. S. bonds on hand	6,648,600 00	3,473,900 00	4,813,750 00
Other stocks, bonds & m'gages	3,435,084 33	3,724,203 12	5,148,259 18
Due from other Nat. banks.	13,888,375 40	13,908,614 14	11,964,530 78
Due from State banks & b'kers	2,281,271 03	2,335,170 77	2,473,247 32
Real estate, furniture & fixtures	7,994,643 45	8,591,162 04	8,498,426 37
Current expenses	1,392,185 36	1,458,946 70	1,130,901 87
Premium paid	1,217,736 61	866,880 76	1,608,936 61
Checks and other cash items.	1,890,488 94	1,825,260 87	2,278,295 22
Exchanges for Clearing House	95,680,377 58	75,636,314 21	72,649,937 42
Bills of other National banks	4,553,267 00	3,246,253 00	3,361,081 00
Bills of State banks	4,001 00	3,472 00	1,241 00
Fractional currency	297,793 33	301,741 94	274,284 16
Specie	16,646,423 99	13,088,250 93	24,984,942 10
Legal-tender notes	29,385,339 00	24,023,521 00	20,199,021 00
Clearing-House certificates	11,485,000 00	470,000 00	——
Three-per-cent. certificates	590,000 00	——	——
U. S. certif. for legal tenders.	——	9,705,000 00	26,130,000 00
Aggregate	$ 419,978,063 20	$ 388,041,606 83	$ 426,044,241 91

LIABILITIES.	*April* 19, 1872. 51 *banks.*	*April* 25, 1873. 49 *banks.*	*May* 1, 1874. 48 *banks.*
Capital stock	$ 71,785,000 00	$ 70,985,000 00	$ 68,500,000 00
Surplus fund	19,595,447 60	21,299,577 88	22,438,473 09
Undivided profits	11,225,208 17	12,106,727 58	12,260,639 53
Nat. bank notes outstanding.	28,622,859 00	27,973,333 00	27,211,105 00
State bank notes outstanding	213,220 00	147,293 00	115,706 00
Dividends unpaid	162,897 31	152,165 64	622,481 83
Individual deposits	202,480,727 72	171,489,753 63	193,088,433 71
United States deposits	254,912 98	264,846 93	473,365 29
Deposits of disburs'g officers.	——	31,584 79	16,684 80
Due to National banks	68,578,248 18	67,905,168 79	75,526,263 82
Due State banks and bankers.	17,059,542 24	15,623,401 81	24,991,493 84
Notes and bills re-discounted.	——	——	——
Bills payable	——	62,753 78	799,595 00
Aggregate	$ 419,978,063 20	$ 388,041,606 83	$ 426,044,241 91

ABSTRACT OF THE NEW CURRENCY BILL.

The new currency bill, of which the full text is given on another page, is now a law. It contains the following points:

1. The law requiring the National banks to keep on hand any reserve for the redemption of their circulating notes is repealed.
2. The reserve of the banks shall hereafter be rated on the amount of deposits.
3. Every National bank shall keep on deposit in the Treasury of the United States a sum in lawful money equal to five per cent. of its circulation for the redemption thereof, which shall be counted as part of its reserve.
4. When National bank notes shall be presented at the Treasury for payment, in sums of $1,000 or any multiple thereof, the same shall be redeemed in United States notes.
5. Whenever such redemptions for any bank shall amount to $500, said bank must deposit a like sum in lawful money on notice from the Treasury.
6. So much of Section 32 of the National bank act is repealed as "recognizes or permits" the redemption of the notes of any bank elsewhere than at its own counter, except as provided in the new bill.
7. Any bank desiring to withdraw its circulation, in whole or in part, may, on the deposit of lawful money in sums not less than $9,000, take up its pledged bonds to the amount of $10,000; but the amount of bonds on deposit by any bank shall not be reduced below $50,000.
8. The charter number of the bank is to be printed on all bank bills hereafter issued.
9. The amount of legal-tender notes shall remain at the fixed sum of $382,000,000, and no part thereof shall be held or used as a reserve.
10. So much of the act for the redemption of the three-per-cent.-loan certificates, &c., as provides that no circulation shall be withdrawn until after the $54,000,000 granted in Section 1 thereof shall have been taken up, is repealed; and the Comptroller of the Currency is authorized to withdraw notes to that amount from associations where the circulation is in excess; and to re-distribute the same in States where there is a present deficiency, the same to be apportioned on population and wealth of the States applying for said circulation; but not more than $30,000,000 shall be so issued up to June 30, 1875.

The net result of these measures is—

(1). The limitation of the legal-tender circulation to $382,000,000 where it now stands.

(2). The establishment of a central redemption bureau at the Treasury.

(3). The reduction of the reserve heretofore held on account of the bank circulation to five per cent.

The circulation of banks in redemption cities is $106,055,910, of which twenty-five per cent. is	$26,513,977
Circulation of other banks $236,294,934, fifteen per cent. is	35,444,239
Reserve heretofore required on bank circulation	$61,958,216
Five per cent. required under new bill	17,117,542
Reduction of reserve under new bill	$44,840,674

This is equivalent to an expansion of $44,840,674.

Notwithstanding the plainness of the case, a controversy has already arisen as to whether the practical operation of the bill will be one of contraction or expansion. From these figures there appears to be no way of escape.

THE NEW CURRENCY BILL.

Approved June 22, 1874.

"*An Act fixing the amount of United States notes, providing for a redistribution of the National Bank Currency, and for other purposes.*"

Section 1. The act entitled "An act to provide a National currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof, approved June 3, 1864," shall be hereafter known as "The National Bank Act."

Sec. 2. That Section 31 of "the National bank act" be so amended that the several associations therein provided for shall not hereafter be required to keep on hand any amount of money whatever by reason of the amount of their respective circulations; but the moneys required by said section to be kept at all times on hand shall be determined by the amount of deposits in all respects, as provided for in the said section.

Sec. 3. That every association organized or to be organized under the provisions of the said act, and of the several acts amendatory thereof, shall at all times keep and have on deposit in the Treasury of the United States, in lawful money of the United States, a sum equal to five per centum of its circulation, to be held and used for the redemption of such circulation; which sum shall be counted as a part of its lawful reserve as provided in Section 2 of this act; and when the circulating notes of any such associations, assorted or unassorted, shall be presented for redemption in sums of $ 1,000 or any multiple thereof to the Treasurer of the United States, the same shall be redeemed in United States notes. All notes so redeemed shall be charged by the Treasurer of the United States to the respective associations issuing the same, and he shall notify them severally on the first day of each month or oftener, at his discretion, of the amount of such redemptions; and whenever such redemptions for any association shall amount to the sum of $ 500, such association so notified shall forthwith deposit with the Treasurer of the United States a sum in United States notes equal to the amount of its circulating notes so redeemed. And all notes of National banks, worn, defaced, mutilated, or otherwise unfit for circulation shall, when received by any Assistant Treasurer or at any designated depository of the United States, be forwarded to the Treasurer of the United States for redemption, as provided herein. And when such redemptions have been so reimbursed, the circulating notes so redeemed shall be forwarded to the respective associations by which they were issued; but if any such notes are worn, mutilated, defaced, or rendered otherwise unfit for use, they shall be forwarded to the Controller of the Currency, and destroyed, and replaced as now provided by law; *provided*, That each of said associations shall reimburse to the Treasury the charges for transportation and the costs for assorting such notes; and the associations hereafter organized shall also severally reimburse to the Treasury the cost of engraving such plates as shall be ordered by each association respectively; and the amount assessed upon each association shall be in proportion to the circulation redeemed, and be charged to the fund on deposit with the Treasurer; and, *provided further*, That so much of Section 32 of said National bank act requiring or permitting the redemption of its circulating notes elsewhere than at its own counter, except as provided for in this section, is hereby repealed.

Sec. 4. That any association organized under this act, or any of the acts of which this is an amendment, desiring to withdraw its circulating notes, in whole or in part, may, upon the deposit of lawful money with the Treasurer of the United States, in sums of not less than $ 9,000, take up the bonds which said association has on deposit with the Treasurer for the security of such circulating notes, which bonds shall be assigned to the bank in the manner specified in the 19th section of the National bank act; and the outstanding notes of said association, to an amount equal to the legal-tender notes deposited, shall be redeemed at the Treasury of the United States, and destroyed, as now provided by law; *provided*, That the amount of the bonds on deposit for circulation shall not be reduced below $ 50,000.

Sec. 5. That the Controller of the Currency shall, under such rules and regulations as the Secretary of the Treasury may prescribe, cause the charter numbers of the association to be printed upon all National bank notes which may be hereafter issued by him.

SEC. 6. That the amount of United States notes outstanding, and to be issued as a part of the circulating medium, shall not exceed the sum of $382,000,000, which said sum shall appear in each monthly statement of the public debt, and no part thereof shall be held or used as a reserve.

SEC. 7. That so much of the act entitled, "An act to provide for the redemption of the three-per-cent. temporary-loan certificates, and for an increase of National bank notes" as provides that no circulation shall be withdrawn, under the provisions of Section 6 of said act, until after the $54,000,000 granted in Section 1 of said act shall have been taken up, is hereby repealed; and it shall be the duty of the Controller of the Currency, under the direction of the Secretary of the Treasury, to proceed forthwith, and he is hereby authorized and required, from time to time, as application shall be duly made therefor, and until the full amount of the $55,000,000 shall be withdrawn, to make requisitions on each of the National banks described in said section, and in the manner therein provided, organized in States having an excess of circulation, to withdraw and return so much of their circulation as by said act may be apportioned to be withdrawn from them, or in lieu thereof to deposit in the Treasury of the United States lawful money sufficient to redeem such circulation, and upon the return of the circulation required, or the deposit of lawful money, as herein provided, a proportionate amount of the bonds held to secure the circulation of such association as shall make such return or deposit shall be surrendered to it.

SEC. 8. That upon the failure of the National banks upon which requisition for circulation shall be made, or of any of them, to return the amount required, or to deposit in the Treasury lawful money to redeem the circulation required, within 30 days, the Controller of the Currency shall at once sell, as provided in Section 49 of the National currency act, approved June 3, 1864, bonds held to secure the redemption of the circulation of the association or associations which shall so fail to an amount sufficient to redeem the circulation required of such association or associations, and with the proceeds which shall be deposited in the Treasury of the United States so much of the circulation of said association or associations shall be redeemed as will equal the amount required and not returned; and, if there be an excess of proceeds over the amount required for such redemption, it shall be returned to the association or associations whose bonds shall have been sold. And it shall be the duty of the Treasurer, Assistant Treasurers, designated depositaries, and National bank depositaries of the United States, who shall be kept informed by the Controller of the Currency of such associations as shall fail to return circulation as required, to assort and return to the Treasury for redemption the notes of such associations as shall come into their hands until the amount required shall be redeemed, and in like manner to assort and return to the Treasury for redemption the notes of such National banks as have failed or gone into voluntary liquidation for the purpose of winding up their affairs, and of such as shall hereafter so fail or go into liquidation.

SEC. 9. That from and after the passage of this act it shall be lawful for the Controller of the Currency, and he is hereby required to issue circulating notes without delay as applications therefor are made, not to exceed the sum of $55,000,000, to associations organized, or to be organized, in those States and Territories having less than their proportion of circulation under an apportionment made on the basis of population and of wealth, as shown by the returns of the census of 1870; and every association hereafter organized shall be subject to, and be governed by the rules, restrictions, and limitations, and possess the rights, privileges, and franchises, now or hereafter to be prescribed by law as to National banking associations, with the same power to amend, alter and repeal provided by "the National bank act," *provided*, That the whole amount of circulation withdrawn and removed from banks transacting business shall not exceed $55,000,000, and that such circulation shall be withdrawn and redeemed as shall be necessary to supply the circulation previously issued to the banks in those States having less than their apportionment. And *provided further*, That not more than $30,000,000 shall be withdrawn and redeemed as [herein] contemplated during the fiscal year ending June 30, 1875.

BANKING AND FINANCIAL ITEMS.

REDEMPTION OF NATIONAL BANK NOTES.—Perhaps the most important result of the new currency act is to arise from the provision for the redemption of National bank notes under the direction of the Treasury Department. It is doubtful whether the members of Congress know how distinct is the step towards ultimate specie payment for which they have thus voted. The work of redemption seems at last to be provided for; and if carried out in good faith it will be worth more to the country than any of the other measures recently proposed to Congress. The practical difficulty of assorting the notes and presenting them for redemption is at once obviated, and the work will be greatly facilitated by the numbers to be hereafter stamped on all bills when issued.

ORGANIZATION OF NEW NATIONAL BANKS.—The Comptroller of the Currency is prepared to receive applications for the organization of National banks in all Western and Southern States. Applications may be made by letter, giving the names of not less than five shareholders of the proposed organization, which should be accompanied with the indorsement of the senator or representative of the district where the bank is to be situated, giving satisfactory information in regard to the character and means of the applicants. Applications will be considered immediately upon their receipt, and, if approved, the necessary forms for the organization of the new banks will be at once transmitted. Under the new apportionment all the Western and Southern States and Territories, with the exception of Colorado, Montana and Wyoming, will be entitled to additional circulation.

TAXATION OF SAVINGS BANKS.—The bill relative to taxation of certain Savings banks, which has passed both Houses of Congress, provides "that no further collection of internal revenue taxes shall be made on the earnings of Savings banks or institutions for savings having no capital stock, and doing no other business but receiving deposits to be loaned or invested for the sole benefit of the parties making such deposits, without profit or compensation to the association or company, whether the earnings of the same have been or may hereafter be divided annually, semi-annually, or at any other period.

This bill will relieve the Savings banks of the country from the payment of a tax on surplus dividends from 1864 to 1871, which, under a recent decision of the United States Supreme Court, they were liable to pay. The amount involved was quite large; in some instances the amount claimed from a single bank was as high as $ 30,000, two of the Massachusetts banks having over $ 25,000 each at stake.

TREASURY DELINQUENTS.—The Senate Committee on Finance reported unfavorably on a resolution calling on the Secretary of the Treasury for the names of all disbursing officers of the government who are in default, with the amounts due from them, &c. The reason given was that it would take from three to six months to prepare the information, and involve an expense of $ 75,000.

THE BANKERS AND BROKERS' TAX.—The suits brought in the United States Circuit Court against ex-collector Joshua F. Bailey, by Messrs. Clark, Dodge & Co. and Frank Work, to recover taxes paid by them under protest, were decided by Judge Woodruff on June 16th, in favor of the plaintiffs. The tax exacted was 1-24th per cent. on all money deposited with the plaintiffs and liable to be withdrawn by drafts or checks and on all money borrowed on margins for their own use. The plaintiffs contended that money so held by them did not come within the provisions of the law imposing the tax. The amount sued for was about $20,000. These two were test cases, and the result of Judge Woodruff's decision, if sustained, will be to draw a very large sum from the U. S. Treasury.

THE LEGAL-HOLIDAY ACT.—A bill intended to furnish an intelligible substitute for the present clumsy and obscure law on holidays was passed by the New York Legislature at its recent session. But through some inexplicable trick its whole tenor was altered, and its object defeated. It was, therefore, very properly vetoed by Governor DIX, who says: "This bill repeals all acts inconsistent with it, and was designed to make bills of exchange, etc., falling due on the enumerated holidays or on any Sunday, payable on the preceding day. It was introduced with such a provision; but it was altered on its passage through the two Houses by substituting the word 'succeeding' for 'preceding,' and if approved, would annul the act of 1873, as amended by the second act of that year. Much confusion has arisen from these successive enactments and the various interpretations they have received. This bill, if approved, would add to it and establish a usage at variance with that of most commercial countries. It is, therefore, disapproved as unwise and vexatious."

THE SECOND TRIAL OF CALLENDER on the charge of making false reports of the condition of the OCEAN BANK, by which that institution was kept out of the hands of a receiver until its entire capital of one million dollars was swindled out of existence, and the stockholders brought into debt to the depositors, has resulted like the first, in a disagreement of the jury. It is not probable that the case will ever be tried again. After a short season it will slide quietly into oblivion.

Mr. SAMUEL JAUDON died a few days since, aged 80 years. He was Cashier of the SECOND BANK OF THE UNITED STATES, in Philadelphia, and became President of the NEW YORK BRANCH OF THE PENNSYLVANIA BANK in which that institution was merged. In 1837 he visited England in the interests of the latter. It failed in 1845 and he has lived in retirement since that time.

THE STEAMER FARADAY landed the shore end of a new Atlantic cable on Saturday, May 30, at Barry Head, Nova Scotia.

THE NATIONAL BANK OF COMMERCE.—The tenth annual statement to its shareholders of the BANK OF COMMERCE in New York, has recently been published. This is the bank of largest capital in the United States. We collate the following interesting items of its condition:

Capital		$10,000,000
Surplus earned		3,250,000
Deposits		12,142,606
Circulation		3,135,585
Profits, interest, etc		487,272
Other items		13,239
		$29,028,702
Loans and discounts	$12,945,481	
Stocks of United States	6,277,346	
Legal-tender notes	5,184,495	
National bank notes and checks	2,705,862	
Specie	739,523	
Real estate, banking house, &c	500,000	
Interest accrued from various sources	455,086	
Other items	220,909	$29,028,702

The statement is clear, concise, neat, highly creditable to the management and most pleasing to the stockholders, who have received back in dividends, in the ten years of the existence of the bank under the National law, nearly the whole of their capital invested, and, in addition, have standing to their credit in undivided profits and real estate more than thirty-three per cent. of the par of their stock. It is to banks of this solid class that we are chiefly indebted for our commercial prosperity and National credit. When their connection with public interests is understood and justly appreciated, they will succeed the Independent Treasury as fiscal agents of the Government, and that crude and costly piece of financial machinery will be abolished. The aggregate amount of United States stocks and legal tenders held by the BANK OF COMMERCE is $11,461,482.

The NATIONAL TRUST COMPANY, of this city, has declared a dividend of four per cent., payable July 1st.

Messrs. DUNCAN, MATHEWS & CO., recently established at the corner of William and Pine Streets, are transacting not only a foreign exchange, but a general banking business, more especially with bankers and merchants out of town. Their card will be found in our advertising sheet.

Messrs. FISK & HATCH announced their readiness to pay before maturity their certificates of indebtedness, maturing June 24th, by the following circular:

New York, June 15, 1874.

Our certificates of indebtedness, due June 24, will be paid on presentation, with interest to date of payment.

If presented after June 24th, the interest from that date will be at the rate of four per cent. per annum, as on current deposits.

The certificates may be forwarded to us at any time after the receipt of this, for remittance, or for credit on account subject to draft. as holders may direct. Very respectfully yours, FISK & HATCH.

REMOVAL.—Messrs. DONNELL, LAWSON & CO. have taken possession of their new office, No. 92 Broadway, where they find increased facilities for their growing business. Honorable dealing, promptness and courtesy will make friends and attract custom even when times are dull.

GUARDIAN SAVINGS BANK.—Mr. Jeremiah Quinlan, receiver of the GUARDIAN SAVINGS BANK, paid a dividend of twenty per cent., on June 6th, to the depositors of the late bank. This dividend makes a total of ninety per cent. paid, leaving five per cent. still to be paid.

The total debt of the City and County of New York on the 1st of June was $119,762,299, an increase of $11,000,000 since June 1, 1873.

CALIFORNIA.—The Hon. FREDERICK F. LOW, recently appointed General Manager of the ANGLO-CALIFORNIAN BANK in San Francisco, was formerly a successful banker in Marysville, afterwards a Representative of California in Congress. then Governor of the State, and has only recently retired from the post of United States Minister to China. We wish the ex-Governor eminent success in his new position.

THE ILLINOIS SUPREME COURT has decided that the loan of 1869, by which it was proposed to make the State responsible for all railroad aid bonds issued by cities, towns and counties, is unconstitutional. This decision is of general interest inasmuch as such bonds are held throughout the country.

ILLINOIS.—The PHENIX BANKING COMPANY, of Chicago, (organized to succeed the PEOPLE'S LOAN AND SAVINGS BANK), commenced business in June, with a capital of $250,000. President, WM. V. KAY; Cashier, CHARLES D. BICKFORD.

Carlinville.—The old-established banking house of CHESNUT & DUBOIS having the addition of Mr. B. T. BURKE, the firm name is now changed to BURKE, DUBOIS & CHESNUT. Their exchange business is transacted as heretofore with the National Park Bank and Knauth, Nachod & Kuhne at New York, and at other points with the correspondents announced in their card on our cover sheets.

Warren.—The FARMERS' NATIONAL BANK, of Warren, went into voluntary liquidation in May. Its late President and Vice-President compose the new banking firm of ROGERS & RICHARDSON, who succeed to the business of the bank. Mr. S. A. CLARK is their Cashier.

INDIANA.—The FARMERS' LOAN & DEPOSIT BANK, of Rochester, closed its doors May 4th, and passed into the hands of assignees chosen by the creditors.

KENTUCKY.—The NATIONAL SOUTHERN KENTUCKY BANK of Bowling Green was organized in May, with a capital of $50,000. President, CHARLES A. NAZRO; Cashier, H. L. UNDERWOOD. This bank succeeds the SOUTHERN KENTUCKY BANK of Messrs. Nazro and Underwood.

MICHIGAN.—The mining district is afflicted with a shinplaster currency, of which the *Iron Home* says:

"There was a time when bankers took this money at par, when it did not inconvenience our people to any extent; and its circulation was encouraged in defiance of law on account of its convenience, and to encourage the enterprise of the companies. But even then it was worthless one hundred miles from home, or, at least, could not be used without being submitted to a heavy shave. And now, since the panicky times, it has become an absolute nuisance.

Grand Rapids.—On June 15th, Mr. A. J. Wells, book-keeper in M. V. Aldrich's bank, dropped dead from heart disease, while in the FIRST NATIONAL BANK, transacting business.

MISSOURI.—The third anniversary meeting of the BANK CLERKS' ASSOCIATION of St. Louis was held on May 25. The president's report shows a condition of vigor and usefulness. The association is stronger in finances and in membership than a year ago. The number of members at date of last report was 146; new members added, 34; deaths, 2; resignations, 3; dropped from rolls, 13; present membership, 162. We shall endeavor to find space in our next number for the report in full, which has reached us too late for the present issue.

NATIONAL BANK LOANS ON REAL ESTATE SECURITY.—The UNION NATIONAL BANK of St. Louis made a loan on certain promissory notes secured by real estate. The notes were unpaid, and the bank proceeded to sell the property under the deed of trust.

A temporary injunction to restrain the sale was granted, and the case came up on a motion to make the injunction perpetual. The defense was, that a National bank could neither loan money on real estate security, nor receive a note secured by real estate, even as collateral for a loan, and hence the bank did not become the legal holder of the paper, as by act of Congress National banks were all prohibited from loaning upon real estate security.

This view the court (Circuit No. 1) sustained, and made perpetual the injunction restraining the bank from attempting to enforce the collection of the note. It is stated a very large amount of real estate securities are held by the several National banks of St. Louis, all of which is rendered valueless to them if this decision be sustained.

THE LOANS OF SAVINGS BANKS.—The U. S. Circuit Court at Canandaigua, N. Y., has affirmed a decision of the District Court that the PEOPLE'S SAVINGS BANK of Syracuse cannot recover on certain notes discounted, amounting to about $35,000, on the ground that discounting notes is prohibited by its charter.

PHILADELPHIA.—The SHACKAMAXON BANK & SAVINGS FUND, No. 1,737 Frankford road, has had its name changed to the "SHACKAMAXON BANK."

Pittsburgh.—An attempt was recently made to rob the TENTH WARD BANK, which was frustrated by the discovery that the light usually kept burning was extinguished. Upon entrance at the front a noise was heard, and two men broke through the rear door and made their escape. Examination disclosed ample arrangements for escaping, evidently with the plunder. Entrance to the building was made early in the night to allow full time to work at the safe, which contained thousands of dollars.

TENNESSEE.—The DE SOTO BANK of Memphis has retired from business in consequence of the expiration of the charter. The attorney of the bank is said to have made a mistake in drafting the bill for the renewal of the charter, and also made void a bill passed for its relief.

BANKABLE FUNDS.—The decision of the Special Court of Appeals of Virginia in the case of Bossieux *v.* Clendening, has more than passing interest. The question decided was: "What constitutes current bankable funds?" It arose on the maturity of a bond executed during the war. The obligor offered payment in lawful money, scaled according to the relative value of Confederate notes in greenbacks at the time the obligation was executed. The

holder of the note refused to accept this, and the case went to the courts. After pending several years, it was decreed by the court of last resort that the obligations must be scaled according to the gold value of National bank notes at the date of maturity, the amount so ascertained to be paid in gold. The decision seems to be just and equitable, and deserves to be considered by all who may hereafter execute a bond payable in "current bankable funds." It asserts the principle (as we understand it) that the lowest grade of currency (National bank notes) may be offered in payment of such bond; but if the gold value of National bank notes be greater or less at the time of maturity than it was when the obligation was executed, then the obligor shall pay more or less than the nominal amount of his bond, according to the difference in the currency price of gold.—*Richmond Whig.*

VIRGINIA.—The Supreme Court of Appeals of this State has recently made a decision upon the Usury act of 1873, which is of much interest. Before the passage of this act all usurious contracts in Virginia were *void*, except those made by incorporated companies. The new law is as follows:

"No corporation shall hereafter interpose the defence of usury in any action; nor shall any bond, note, debt or contract of such corporation be set aside, impaired or adjudged invalid by reason of anything contained in the laws prohibiting usury." James B. Pace, after the passage of the above act, sued the town of Danville upon bonds issued and sold in 1863. The town offered a plea of usury, its counsel taking the ground that the act was not retrospective in its operation, and that if it was it impaired the obligation of contracts. The Circuit Court rejected the plea and gave judgment for the plaintiff.

The Supreme Court of Appeals affirmed the judgment of the lower Court, holding that the law was retrospective, and did *not* impair the obligations of contracts.

VIRGINIA.—The FIRST NATIONAL BANK of Norfolk suspended payment on May 26th. At a meeting of the directors held June 2d, it was ascertained that the bank had hopelessly failed. A receiver was qualified and took possession on the 10th. It has been stated that depositors would realize only about twenty-five cents on the dollar, but later intimations give promise of a larger dividend.

THE VIRGINIA "EMBEZZLEMENT BILL."—The bill known as the "Embezzlement Bill," passed by the General Assembly of Virginia at its last session, is of interest to bankers as tending to check unfaithfulness in employees and the fraudulent transfer of property pledged to secure advances. It is as follows:

To prevent fraudulent conversions of money or property, and the fraudulent failure to comply with certain contracts or agreements, and to repeal sections 20 and 21 of chapter 188 of the Code of 1873, in relation to embezzlement.

Be it enacted by the General Assembly, That if any person shall wrongfully and fraudulently use, dispose of, conceal or embezzle any money, bill, note, check, order, draft, bond, receipt, bill of lading, or any other property which he shall have received for another, or for his employer, principal or bailor, or by virtue of his office, trust or employment, or which shall have been entrusted or delivered to him by another, or by any court, corporation or company, he shall be deemed guilty of the larceny thereof.

2. If any person store or ship goods, wares, merchandise, grain, flour, or other produce or commodity in his own name, being in the possession thereof, for or on account of another, and sell, negotiate, pledge or hypothecate the same, or any part thereof, or the receipt or bill of lading received therefor, and fraudulently fail to account for or pay over to his principal or owner of the property the amount so received on such sale, negotiation, pledge or hypothecation, he shall be adjudged guilty of the larceny thereof.

3. If any person shall obtain from another an advance of money, merchandise or other thing, upon a promise in writing that he will send or deliver to such other person his crop or other property, and shall fraudulently fail or re-

fuse to perform such promise, he shall be deemed guilty of the larceny of such money, merchandise or other thing.

4. Any person prosecuted under this act shall be allowed to testify in his own behalf.

5. Sections twenty and twenty-one of chapter one hundred and eighty-eight of the Code of 1873 are hereby repealed.

6. This act shall be in force from its passage.

WISCONSIN.—Proceedings have been taken before the U. S. District Court, on behalf of the creditors of the bankrupt BANK OF MADISON; the object being to recover moneys from the Hon. Simeon Mills, long the chief man of the bank, but who had withdrawn a few years ago. The testimony of officials of the bank is said to show that it had been bankrupt for seven years, and that the fact was concealed by fictitious drafts and other devices in its periodical statements.

COINS.—The assignee in bankruptcy of the BANK OF MADISON invites bids for the collection of coins belonging to the late President James L. Hill, consisting of 5,482 pieces of all nations, many of them of great antiquity.

CHECKS IN FRANCE.—The French legislation relative to checks has recently been the subject of some important changes, and a summary of the law as it now stands will be found of utility, so far as concerns checks drawn from abroad on FRANCE, or from one foreign country on another, and negotiated in FRANCE. A point to which attention should be specially directed is that the date of the month must now be written in words and not in figures. The non-observance of this rule renders checks liable to taxation as bills of exchange. All checks are payable at sight; they must mention the place where they are drawn; the date of the month must be written in words and by the same hand by which the check has been drawn; provision in money must exist at the moment of drawing; checks, including those to bearer, must be receipted on payment, and the receipt be dated; they must bear no mention of the nature of the consideration in payment of which they are given; those payable in the place in which they are drawn must bear an embossed stamp of ten centimes; those drawn from one town of FRANCE on another should bear an embossed stamp of twenty centimes; but checks with an embossed stamp of ten centimes may be used on adding an adhesive receipt stamp of ten centimes obliterated by the drawer. The above provisions also apply to checks drawn from FRANCE on foreign countries. Checks drawn from foreign countries on FRANCE, when not on a form bearing the French stamp, must be enfranchised, before any use can be made of them in FRANCE, by the affixing and obliteration of two adhesive receipt stamps of ten centimes each; checks drawn from one foreign country on another, when the conditions required for checks created in FRANCE are fulfilled, and especially when the date of the month is written in full, may, on their transit in FRANCE be stamped by affixing two receipt stamps of ten centimes each; otherwise those from one place abroad on another, and especially those of which the date is written in figures, are liable to the payment of the duty of 50 centimes per 2,000 francs or fraction of 2,000 francs, fixed by the law of the 20th December. 1872, for foreign bills circulating in FRANCE. Parties issuing, endorsing, receipting or paying checks irregularly dated, or containing any infraction of the above regulations are liable to a penalty of six per cent. of the amount of the check, but not less than 100 francs.

BENJAMIN H. BRISTOW, of Louisville, Ky., was nominated by the President, June 1, and promptly confirmed by the Senate as Secretary of the Treasury, to succeed Mr. Richardson. He was Solicitor-General under Attorney-General Ackerman, and was nominated by the President as the successor of Mr. WILLIAMS, when the name of the latter was before the Senate for confirmation as Chief Justice. He has a sound local reputation for ability, but has never been connected with public finances.

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from June Number, page 992.)

☞ Additions for this list are solicited from the subscribers to this work.

NEW YORK CITY.

Kent & Hopkins. W. S. Nichols & Co. Livingston & Co.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Georgetown, COL.	Fish, Meserve & Phelps	....
Bridgeport, CONN.	Staples & Co.	Drake Brothers.
Milford, DEL.	Branch Bank of Smyrna	Phila. Nat. Bank, Pa.
Chicago, ILL.	Phenix Banking Co.	Amer. Ex. Nat. Bank.
Belleville, "	First National Bank	....
Warren, "	Rogers & Richardson	George Opdyke & Co.
Nashville, "	Sawyer, McCracken & Co.	J. N. Halladay.
Newman, "	Murphy, Hancock & Co.	Fifth Nat. Bank, Chicago.
Cherokee, IOWA	T. S. Steele & Son	Ninth National Bank.
Des Moines, "	J. N. Thomas' Bank	National Park Bank.
Greene, "	Bank of Greene	Tumbridge & Co.
" "	People's Saving Bank	Corbin Banking Co.
Union, "	S. R. Benson & Co.	Fourth National Bank.
Wilton, "	Farmers & Citizens' Bank	Ninth National Bank.
Bowling Green, KY.	Nat. Southern Kentucky Bank.	Ninth National Bank.
Lebanon, "	Marion National Bank	Bank of America.
Winchester, "	Citizens' National Bank	....
Brockton, MASS.	Home National Bank	N.B. Commonwealth, Bos.
Fitchburg, "	Safety Fund National Bank	....
Portland, MICH.	Maynard, Allen & Co.	Metropolitan Nat. Bank.
Waseca, MINN.	Bank of Waseca	Gilman, Son & Co.
Greenville, MISS.	Kretschmar & Farrar	National Park Bank.
St. Louis, MO.	American Financial Corporation	Kountze Bros.
" "	Asa W. Smith & Bro.	National Currency Bank.
Schuyler, NEB.	Sumner & Co.	Saunders & Hardenberg.
Paterson, N. J.	Second National Bank	First National Bank.
Clyde, N. Y.	Gurnee & Streeter	....
Oneonta, "	Wilber National Bank	Ninth National Bank.
Cadiz, OHIO	Far. & Mec. Sav. & Loan Asso.	Imp.&Traders'Nat.Bank.
Dayton, "	Dayton Savings Bank	German-American Bank.
Kenton, "	Citizens' Bank	Ninth National Bank.
Morgan, "	Morgan Saving & Loan Asso.	Hatch & Foote.
Brookville, PA.	J. S. King & Co.	Ninth National Bank.
West Fairview, "	West Fairview Savings Bank	Union Banking Co., Phila.
Gainesville, TEXAS	Cooke County Bank	Swenson, Perkins & Co.
Paris, "	Farmers & Merchants' Bank	Donnell, Lawson & Co.
Portage, WIS.	City Bank of Portage	Bank of North America.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from June No., page 993.)

JUNE, 1874.

Banks are requested to furnish prompt notice of any future changes.

Name of Bank.	*Elected.*	*In place of*
Anglo-Californian B., San Fran., CAL.	Fred'k F. Low, *Mgr.*	Richard G. Sneath.
Bank of San Luis Obispo, " .	E. W. Steele, *Pres...*	H. M. Warden.
Lancaster Nat. B., Lancaster, MASS..	Wm. H. McNeil, *Cas..*	Caleb T. Symmes.
First Nat. Bank, Northfield, MINN...	J. C. Nutting, *Pres...*	J. A. Scriver.
Security Bank, St. Louis, MO.	James Aull, *Cash....*	Van L. Runyan.
Farmers and Traders' B., Mexico, " .	J. E. Dearing, *Cash..*	R. R. Arnold.
B. of Haverstraw, Haverstraw, N. Y.	Ira M. Hedges, *Pres..*	Jacob Odell.
Harrison National Bank, Cadiz, OHIO.	Charles P. Dewey, *Cas.*	Medford J. Brown.
Youngstown Sav. & Loan Asso., " .	Joseph H. Brown, *Pres.*	Freeman O. Arms.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from June No., page 994.)

NEW YORK CITY.

Berry & Co.	Nichols, Stone & Co.
Hay & Warner.	Turner Brothers.

ILLINOIS.—People's Loan and Savings Bank, *Chicago*, (succeeded by Phenix Banking Co.); Hay, Brothers & Co., *Nashville*, (succeeded by Sawyer McCracken & Co); Farmers' National Bank, *Warren*, (succeeded by Rogers & Richardson.)

INDIANA.—Farmers' Loan and Deposit Bank, *Rochester*, failed.

IOWA. — Des Moines Savings Bank, *Des Moines*, (succeeded by I. N. Thomas' Bank.)

KENTUCKY.—Southern Kentucky Bank, *Bowling Green*, (succeeded by National Southern Kentucky Bank); Commercial Bank, *Lebanon*, (succeeded by Marion National Bank.)

LOUISIANA.—Samuel Smith & Co., *New Orleans.*

MINNESOTA.—C. Hardin & Son, *Kasson*, (removed to Waseca as the "Bank of Waseca.")

NEBRASKA.—Sumner, Smith & Co., *Schuyler*, (now Sumner & Co.)

NEW JERSEY.—Passaic National Bank, *Patterson*, (changed to Second National Bank.)

NEW YORK.—Bank of Brockport, *Brockport*, (sold out to Allen & Kingsbury); Griswold & Gurnee, *Clyde*, (now Gurnee & Streeter.)

OHIO.—Citizens' Bank, *Dayton*, (succeeded by Dayton Savings Bank); Bank of Exchange and Deposit, *Kenton*, (succeeded by Citizens' Bank.)

TEXAS. — Smith & Co., *Paris*, (succeeded by Farmers and Merchants' Bank.)

NEW NATIONAL BANKS.

Authorized. 1874.	No.	Name and Place.	President and Cashier.	Capital. Paid.	Capital. Limit.
May 29	2,148	Citizens' Nat. B'k, Winchester, KY.	R. N. Winn .... J. D. Simpson ...	$63,250	$126,500
29	2,149	N. Southern Ky. B'k, Bowling Green, KY.	Chas. A. Nazro.... H. S. Underwood	50,000	500,000
June 3	2,150	Marion Nat. Bank, Lebanon, KY.	R. H. Rountree ... N. S. Ray.......	136,800	150,000
6	2,151	Wilber Nat. Bank, Oneonta, N. Y.	David Wilber...... George I. Wilber	100,000	300,000
8	2,152	Home Nat. Bank, Brockton, MASS.	R. P. Kingman.... C. D. Fullerton..	200,000	400,000
9	2,153	Safety Fund Nat. B'k, Fitchburg, MASS.	Henry Allison..... F. F. Woodward.	50,000	100,000
15	2,154	First National Bank, Belleville, ILL.	Julius Kohl .... .. Van L. Runyan..	65,000	125,000

THE PREMIUM ON GOLD, MAY AND JUNE, 1874.

1874.	Lowest.	Highest.		Lowest.	Highest.		Lowest.	Highest.
January	10⅛	12⅛	May 15	12¼	12⅝	June 4	11⅜	11⅝
February	11⅜	13	16	12	12¼	5	11½	11¾
March	11¼	13⅝				6	10⅝	11⅜
April	11¾	14⅜	18	12⅛	12¼			
May	11⅞	13⅛	19	12	12¼	8	10½	10⅞
			20	12⅛	12¼	9	10½	10¾
May 1	12⅞	13⅛	21	12¼	12½	10	10¾	11⅛
2	12⅞	13	22	12¼	12½	11	10⅞	11⅛
			23	12¼	12⅜	12	10⅞	11⅛
4	12⅜	12¾				13	10¾	11¼
5	12⅛	12½	25	12⅜	12½			
6	12	12¼	26	12¼	12½	15	10¾	10⅞
7	12¼	12⅝	27	12¼	12⅜	16	10⅞	11⅜
8	12⅝	12⅞	28	12⅛	12⅜	17	11	11⅜
9	12⅜	12¾	29	12¼	12⅜	18	11	11¼
			30	Holiday.		19	11	11¼
11	12⅜	12½				20	11⅛	12
12	12	12½	June 1	12	12¼			
13	11⅞	12¼	2	12	12⅛	22	11¼	12
14	12	12¼	3	11⅝	12	23	11⅝	12

MONTHLY PREMIUM ON GOLD, 1868–73.

DATE.	1868.		1869.		1870.		1871.		1872.		1873.	
January	33¼	42¼	34⅝	36¾	19⅝	23¼	10½	11¼	8⅛	10⅛	11⅝	14¼
February	39⅝	44	30⅞	38⅛	15	21½	10¾	12¼	9½	11	12⅞	15⅛
March	37⅞	41⅜	30¼	32½	10¼	16⅜	10⅛	11⅝	9¾	10½	14⅝	18½
April	37¾	40⅜	31⅜	34¾	11½	15⅝	10⅛	11¾	9⅞	13¼	16¾	19½
May	39⅛	40½	34⅛	44¾	13¾	15½	11	12¼	12⅛	14⅜	16⅝	18⅝
June	39⅜	41¼	37	39⅝	10⅞	14¾	11¾	13⅛	13	14¾	15	18¼
July	40¼	45¼	34	37⅞	11⅛	22¾	11¾	13⅝	13½	15¼	15	16⅜
August	43½	50	31¼	37⅝	14¾	22	11⅝	13¼	12½	15⅝	14⅜	16¼
September	41⅛	45⅛	30¾	62½	12¾	16¾	12¾	15⅜	12¾	15⅛	10⅞	16⅛
October	33¾	40½	28⅛	31¾	11⅛	14¼	11½	15	12¼	15⅛	7⅝	11¼
November	32⅛	37	21⅛	28⅜	10	13½	10⅜	12⅜	11⅜	14¼	6⅛	10½
December	34⅜	36¾	19¼	24	10¼	11⅜	8⅜	10⅜	11⅜	13½	8⅜	12⅝

NOTES ON THE MONEY MARKET.

NEW YORK, JUNE 22, 1874.

Exchange on London, at sixty days' sight, 4.87½ *a* 4.88½ *for gold.*

There are no active changes to report in the money market during the past month. Rates for stock loans on call have ranged a little upward from 2 per cent. Commercial paper has generally commanded 7 per cent., except in some of the larger banks, where, if taken at all, it is at some abatement. But the nearer the cropping time comes, the more closely is the reserve held against demands from the West. Apparently there is no possibility of any difficulty being experienced during the present season from deficiency of money to move produce to the East.

The crops in the Western States, particularly in the Ohio Valley and the Mississippi river and lake regions, are represented as far above the average. The planting of corn in Illinois and Indiana, is said to be "a wonder." We have heard of one farmer who has put in an area of 17,000 acres, mostly by machinery. The cultivation and gathering of crops by machinery is not practicable to the same extent; and it is therefore likely that labor in the food producing States will be in active demand at high wages; sufficiently so it is hoped to draw off many of the thousands of unemployed hands who are now lounging on strikes in our eastern cities. We shall have nothing to regret as to strikes, if their result be to settle laborers permanently on the lands of the "boundless" West.

Notwithstanding general dullness in the labor market, and the fact that there is an idle man watching the place of every one employed, ready and eager to accept lower wages, new strikes are developed or threatened continuously. Society men impose terror on the unemployed by personal assaults which have proven fatal in several instances during the past month. In consequence there is an excessive dullness in many branches of mechanical labor, which is favored by an indisposition on the part of capitalists to enter on new projects in the present uncertain state of the currency question. Congress, after a session of seven months, adjourns without having taken any measures that inspire confidence of change for the better.

Large negotiations for carrying forward public improvements have come to a full stop. We have heard of one railway loan having been verbally taken three times in London, and as often receded from on the starting up of some new rumor unfavorable to a revival of activity. This shows to what an extent timidity and apprehension have taken possession of the minds of capitalists. There are no securities in the world more solid and trustworthy than many of the railway loans of the West—especially those which are intended to facilitate the transport of the food products of the Mississippi Valley to the Atlantic ports. The depression in this branch of investments is temporary; and capitalists would do well to reflect that now is the profitable crisis when they can obtain such on advantageous terms. When the tide turns—as it assuredly will—the price of all valid securities must rapidly advance. We do not lose sight of the fact that a number of railway companies have failed to pay their coupons in Europe; but they are companies which were literally "foisted" on the market by a coalition of third or fourth-rate concerns with the European stock-houses and the European press. This does not in the least impair the soundness of many well-devised and well "backed" improvements which are seeking a market for their bonds. That the future will bear us out in this prognostication is as certain

as the fact of progress itself. While saying this, we must add a caution to all buyers of our railway bonds, to examine the substantial grounds on which they are issued. It has been a common scheme for projectors to depend on borrowing before getting their stock subscriptions paid up, calculating to divide the stock as a free bonus among themselves for hypothetical services. Beware of such men and of such enterprises! If the originators of improvements have not confidence enough in them to fill the stock at par by actual payment of money, they are not worthy of credit, and ought not to be allowed to take precedence of substantial and honest enterprises—as they often do—by the help of noise and brag.

The prospects of the cotton crop are highly encouraging, if there be any force in the fool's argument of *betting*, four million bales being the amount on which the "knowing ones" are willing to risk their money.

The following quotations will show the general course exhibited by the stock market in the last month. The market is characterized by a chronic dullness.

	May 22d.	*June 20th.*	*June 22d.*
Western Union Telegraph	71⅛	70⅛	72⅞
New York Central and Hudson River	98	97	98½
North-Western	40⅛	37⅛	40½
Rock Island	96⅛	94	96⅛
United States Currency 6's	117	115	115
" " 5-20's of 1862	115⅛	114	114
United States Fives of '81	115⅛	114	113⅞
Gold	112⅛	111⅛	112

The suspension of the banking house of Turner Brothers, No. 14 Nassau Street, was announced on the 16th inst. The firm was established in 1844, and has been very prosperous. The senior partner retired some time back in consequence of enfeebled health. The failure was caused by advances on the securities of the Indianapolis, Bloomington and Western Railroad, to the amount of $1,500,000. The house was not engaged in stock operations, and its suspension has had no prejudicial effect on the market.

The latest statements of the New York City banks evince a more gratifying determination to hold a position of full strength than has been usual at this season of late years. Their proportion of reserve to liabilities is over 31 per cent. We annex their recent returns:

1867.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Weekly Clearings.*
Jan. 5	$257,852,460	$12,794,892	$65,026,121	$32,762,779	$202,533,564	$466,987,787
Jan. 4, '68	249,741,297	12,724,614	62,111,201	34,134,391	187,070,786	483,266,304
Jan. 4, '69	259,090,057	20,736,122	48,896,421	34,379,609	180,490,445	585,304,799
Jan. 3, '70	250,406,387	31,166,908	45,034,608	34,150,887	179,129,394	399,355,375
July 4	276,496,503	31,611,330	56,815,254	33,070,365	219,083,428	562,736,404
Jan. 2, '71	263,417,418	20,028,846	45,245,358	32,153,514	188,238,995	467,692,982
July 3	296 237,959	16,526,451	71,348,828	30,494,457	243,308,693	561,366,458
Jan. 1, '72	270,534,000	25,049,500	40,282,800	28,542,800	200,409,800	561,802,964
July 1	289,002,800	22,795,500	54,951,400	27,416,100	232,387,900	485,973,837
Jan. 6, '73	277,720,900	19,478,100	41,165,400	27,613,800	203,808,100	642,834,841
April 7	273,534,000	15,664,400	34,940,500	27,715,800	187,687,000	780,498,463
July 7	286,905,800	33,551,400	48,168,000	27,276,200	232,369,400	478,571,386
Sept. 1	288,883,000	23,095,200	44,729,300	27,281,900	220,390,300	447,799,948
Dec. 8	252,373,500	21,158,600	38,214,000	27,186,100	182,015,300	419,721,752
Jan. 5, '74	261,135,400	28,395,600	46,458,100	27,186,300	205,399,500	361,517,913
Feb. 2	269,995,800	33,342,100	58,877,700	26,898,800	233,119,800	422,936,392
Mar. 2	282,555,700	26,488,300	61,915,000	26,775,100	239,864,300	333,261,105
April 6	291,113,700	24,045,600	56,983,100	26,804,600	237,491,400	431,323,311
May 4	286,574,300	24,639,600	55,833,000	26,889,600	234,401,500	491,427,114
" 25	282,814,400	26,022,300	58,853,400	26,800,900	234,243,300	423,805,643
June 1	280,558,100	25,517,400	61,456,700	26,727,500	232,404,300	335,139,851
" 8	279,926,300	24,382,100	61,890,800	26,764,000	231,913,300	449,888,492
" 15	281,242,800	21,921,000	60,951,000	26,671,800	232,722,400	376,646,467
" 22	279,067,500	19,934,200	61,838,600	26,652,300	227,619,500	401,927,485

The Boston banks keep up a full discount line, having a realizing sense of the importance of dividends. Their returns are as follows:

	Loans.	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*
Jan. 6, 1868	$94,969,249	$1,466,246	$15,543,169	$24,626,559	$40,856,022
Jan. 4, 1869	98,423,644	2,203,401	12,938,342	25,151,340	37,538,767
Jan. 3, 1870	105,985,214	3,765,347	11,374,559	25,280,893	40,007,225
Jan. 2, 1871	111,190,173	2,484,536	12,872,917	24,662,209	46,927,971
July 3	119,152,159	1,441,500	13,117,482	24,816,012	50,693,067
Jan. 1, 1872	115,878,481	4,469,483	9,602,748	25,715,976	46,994,488
July 8	112,164,800	2,740,100	9,471,800	24,877,000	48,875,500

The deposits after this date include the amount due to other banks.

Jan. 6, 1873	122,872,700	2,075,400	11,122,500	25,614,400	74,113,500
April 7	120,001,600	922,600	8,939,300	25,519,400	64,623,200
July 7	122,947,000	1,935,400	11,267,600	25,487,700	73,218,900
Sept. 1	123,417,600	1,121,500	10,733,200	25,490,200	68,625,500
Nov. 3	119,788,400	1,849,400	9,045,400	26,139,100	59,399,200
Jan. 5, 1874	124,287,100	3,513,800	10,466,300	25,791,600	70,219,200
Feb. 2	125,276,300	4,244,300	11,244,400	26,641,900	73,374,100
March 2	126,491,900	3,481,600	10,904,000	25,567,600	75,969,000
April 6	127,896,700	3,123,600	10,564,100	25,460,300	79,330,200
May 4	126,615,900	2,806,300	10,515,200	25,606,900	76,460,400
May 25	125,450,700	2,719,300	10,681,200	25,432,800	75,121,200
June 1	125,259,000	2,364,100	11,275,300	25,385,900	75,940,900
" 8	126,864,200	2,180,900	11,026,800	25,365,000	77,076,200
" 15	127,882,900	2,176,400	10,934,700	25,244,200	76,982,000

The condition of the Philadelphia banks remains almost unchanged since last month, being as below:

	Loans.	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*
Jan. 4, 1868	$52,002,304	$235,912	$16,782,432	$10,639,000	$36,621,274
" 4, 1869	50,716,999	252,483	13,210,397	10,593,719	38,121,023
" 3, 1870	51,662,662	1,290,096	12,670,198	10,568,681	38,890,001
" 2, 1871	51,861,827	1,071,528	12,653,166	10,813,212	38,660,403
" 1, 1872	55,631,723	1,069,585	11,228,988	11,348,851	42,049,757
July 1, "	59,659,324	228,338	13,952,002	11,345,868	50,021,793
Jan. 6, 1873	55,370,011	424,458	10,576,155	11,331,579	40,861,114
Feb. 3, "	57,062,437	352,775	10,599,532	11,370,253	42,120,451
April 7, "	57,075,617	130,936	9,663,471	11,475,119	40,124,310
July 7, "	60,480,403	322,626	14,513,757	11,431,847	48,200,545
Sept. 1, "	59,317,093	208,580	13,348,119	11,454,680	45,089,892
Nov. 24, "	58,194,000	959,000	14,741,000	11,519,000	45,847,000
Jan. 5, 1874	57,772,523	1,173,796	15,353,571	11,481,558	48,378,204
Feb. 2, "	57,170,073	1,002,109	17,530,254	11,450,353	48,618,062
Mar. 2, "	57,021,443	736,417	17,372,230	11,449,506	47,131,169
April 6, "	60,298,626	551,936	15,528,478	11,522,121	47,411,234
May 4, "	59,193,258	377,919	16,131,746	11,501,030	48,257,660
May 25, "	58,801,390	332,598	16,939,587	11,477,151	48,450,635
June 1, "	58,759,720	332,327	17,218,608	11,470,167	49,431,654
" 8, "	59,049,619	271,799	17,285,920	11,445,383	49,229,480
" 15, "	58,927,603	272,052	16,863,842	11,433,091	48,485,332
" 22, "	58,937,108	263,818	16,517,635	11,440,156	48,210,238

The market for foreign exchange continues steady on the basis of \$4.87½ *a* \$4.88¼ for bankers' 60 days' sterling bills, and \$4.90 *a* \$4.91 at short sight. We quote: Bills at 60 days on London, 4.85 *a* 4.87 for commercial; 4.87½ *a* 4.88¼ for bankers'; do. at short sight, 4.90 *a* 4.91; cable transfers on London, \$4.91½; Paris at 60 days, 5.18¾ *a* 5.13¾; do at short sight, 5.11¼ *a* 5.10; Antwerp, 5.20 *a* 5.15; Hamburg and Bremen, 4 Reichsmark, 95⅝ *a* 96; Amsterdam, 40⅝ *a* 41; Frankfort, 40¾ *a* 41¼; Prussian thalers, 71¼ *a* 72.

The official records of imports and exports at this port exhibit a less favorable comparison than at the same period of last year. The summary is as follows:

Foreign Imports at New York for the Month of May.

	1872.	1873.	1874.
Entered for consumption	$ 16,368,458	$ 12,716,218	$ 13,394,964
Entered for warehousing	23,002,975	12,9[illegible]999	12,118,107
Free goods	3,111,784	8,772,153	9,902,831
Specie and bullion	96,023	196,821	1,054,630
Total entered at port	$ 42,579,240	$ 34,616,191	$ 36,470,532
Withdrawn from warehouse	10,199,829	10,806,601	8,251,185

Foreign Imports at New York for Five Months from January 1.

	1872.	1873.	1874.
Entered for consumption	$ 98,985,328	$ 84,091,321	$ 77,210,542
Entered for warehousing	88,374,363	61,036,656	54,087,098
Free goods	14,033,539	44,930,815	51,965,288
Specie and bullion	733,854	1,841,654	2,322,294
Total entered at port	$ 202,127,084	$ 191,900,446	$ 185,585,222
Withdrawn from warehouse	56,468,319	54,869,692	49,331,376

The imports are stated at their foreign cost in gold. The exports, which now follow, are stated at their value in currency, specie shipments excepted.

It will be seen below that the outflow of specie has increased fourfold, while the shipments of produce and merchandise have diminished.

Exports from New York to Foreign Ports in the Month of May.

	1872.	1873.	1874.
Domestic produce	$ 14,746,837	$ 24,754,461	$ 22,781,958
Foreign merchandise, free	36,977	222,853	196,911
do. dutiable	1,097,133	1,275,712	812,868
Specie and bullion	14,850,556	2,943,583	11,865,511
Total exports	$ 30,731,503	$ 29,196,609	$ 35,657,248
do. exclusive of specie	15,880,947	26,253,026	23,791,737

Exports from New York to Foreign Ports for Five Months from January 1,

	1872.	1873.	1874.
Domestic produce	$ 81,394,156	$ 110,177,625	$ 109,890,359
Foreign merchandise, free	581,823	1,149,604	898,824
do. dutiable	4,390,944	3,717,326	3,394,317
Specie and bullion	24,576,697	21,163,288	22,511,708
Total exports	$ 110,943,620	$ 136,207,843	$ 136,695,208
do. exclusive of specie	86,366,923	115,044,555	114,183,500

From these indications, and from those of the month of June not yet completed for record, the course of our foreign exchanges is not toward improvement. But, with the adjournment of Congress, and an end to financial legislation for a time, we may hope for some revival in our export trade, for which the crops of the West promise such abundant material.

I. SMITH HOMANS.

ISAAC SMITH HOMANS, whose death was briefly announced in the Magazine for June, was born in Boston in the year 1807. The family removed to Washington in 1813, in consequence of his father being appointed by President MADISON Chief Clerk in the Navy Department. At the age of sixteen years he became an accountant in a book store in that city, and at twenty-two a partner in the business. An advantageous offer took him to Baltimore in the year 1833, where he entered the banking house of J. I. COHEN, JR., & BROS. It was here that Mr. HOMANS acquired his predilection for statistics. In the year 1846 he began the publication of the BANKER'S MAGAZINE AND STATISTICAL REGISTER, of which the last number of the 28th volume was published on the day of his death. In addition to his main work of editing and publishing the magazine, he engaged in other labors connected with finance and economy. For nine years, from 1852 to 1861, he was the financial editor of the *New York Courier and Enquirer*. The writer of this notice having himself filled the same post in connection with an active New York city journal is competent to bear witnesss to the arduousness of the employment, and to the flattering temptations by which it is surrounded. That Mr. HOMANS did not acquire a fortune while in command of the financial columns of a paper of such influence as the *Courier and Enquirer*, proves that his hand was not open to the bribes of the stock market. From 1858 to 1862 he was Secretary to the New York Chamber of Commerce. In 1863 he contributed to the official report of the Secretary of the Treasury a table of near ninety staple commodities of trade, with the duties and fluctuations in price of each through thirty-nine years—from 1825 to 1863, making 117 pages of that document, and constituting by far the most valuable part of it.

Mr. HOMANS abated nothing of his statistical labors as he advanced in years, but pursued them with increasing interest; and among the valuable works to which he devoted himself with conscientious zeal, were the following:

A Cyclopedia of Commerce and Commercial Navigation; a statistical sketch of the commerce of all countries, and of the production, history and consumption of all their staples.

A History of the Bank of England from 1694 to 1844, by FRANCIS, continued by the American Editor to 1860. This comprises a history of financial events in Europe during thirty years, including the noted revulsions of 1847 and 1857; and of the important results following the introduction of the telegraph and the discovery of gold in the Pacific States.

A History of Banking in Europe, by LAWSON. In this elaborate work Mr. HOMANS has contributed additions which render it more acceptable to the American reader.

To the continuous and increasing labors of the BANKER'S MAGAZINE, Mr. HOMANS added the preparation of the BANKER'S ALMANAC, an annual Register of the Banks and Bankers of the United States, as well as a current digest and record of transactions, domestic and foreign, which has grown into a complete dictionary of finance indispensable to every banker.

The life of Mr. HOMANS was one of uninterrupted labor in the most toilsome and least appreciated department of public economy—that of pure statistics. The number of volumes that bear his name attest the industry with which he pursued his investigations in every branch of inquiry. He was content with the reward which springs in all noble minds devoted to high objects of wide and common interest. It is not in the nature of such objects to inspire a mean ambition. His experience and his knowledge would have made him an invaluable officer at the head of one of our treasury bureaus; but genuine merit does not push itself into crowds of noisy competitors for official employment. He was affable, courteous and unpretending—a quiet, persistent laborer, whose works are his best praise. It is not only what such a man does during his life that speaks for him. but that also which he sets in motion, and prepares for others to continue. In this way he "yet liveth."

Mr. HOMANS was a man of singular equanimity in all the relations of social life. He acted less from momentary impulse than from principles well considered and firmly established in his mind. In domestic life his character shone most brightly. From habit, as well as from principle, he made his own happiness to consist in promoting that of others. He was generous to the unfortunate, and bestowed liberally, "not letting his right hand know what his left hand did."

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

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THE NEW LOAN AND THE TREASURY POLICY.

Mr. Bristow has begun his administration of the Treasury with a display of vigor and judicious energy, from which, if well directed, the best results may be looked for. One of his first acts was the announcement of the new loan for 179 millions of new Fives. This loan he offered under the law of 1870, which authorized 1,700 millions of bonds. Of these 1,000 millions were to be Fours. The 4½ per cents. were to be 300 millions, and the Fives, 200 millions. By the supplementary law of January, 1871, 300 millions more were authorized of Fives, the total loan still remaining at 1,700 millions. It is thus seen that the Fives would amount to 500 millions, which were all previously negotiated except the 179 millions above referred to. Besides these, the residue of the funding loan consists of 300 millions of 4½ per cents, and 700 millions of 4 per cents.

The object of this funding loan is to supply means to the Treasury to call in all the outstanding Five-twenties which have now matured and amount to 956 millions. If the purpose of the act can be accomplished, the saving in interest is estimated at eighteen and a half millions a year. That is, there will be so much less of annual taxation. The Fives, as will be remembered, were authorized in this bill merely as a means of aiding the negotiation of the loan which consists chiefly of bonds at a lower rate of interest. The offer made by Mr. Bristow of these five-per-cent.

funding bonds has elicited a good deal of discussion in regard to his future policy. The Secretary of the Treasury in our peculiar system of government has, of necessity, a great amount of discretionary power. The numerous laws which he has to adminster are often vague and conflicting, and the circumstances are multifarious in which he has to apply these laws. Moreover the monetary interests of the country are extremely sensitive to the movements of the Treasury, and Congress is more or less influenced by it. Hence the policy, as it is called, of a new Secretary of the Treasury, is always the subject of lively anxiety in business circles.

It has been often remarked, since the war, that two well-known principles usually control our Treasury policy, and each contends alternately for pre-eminence. The first is to diminish the pressure of the public debt; that is to lessen the amount of interest on it, and thus to lighten the fiscal burdens of the people. The other aims to reform our depreciated currency and restore it to par with gold. In the funding laws of 1865, and in the Treasury movements carried on under these laws, the second of these principles was supreme. Mr. McCulloch's great object and purpose in most of his operations, from 1865 to 1869, was not so much to lessen the interest on the public debt, but first to call in and redeem the enormous issues of currency which the war had bequeathed to us. Nearly a thousand millions of paper money were afloat in this country when Mr. McCulloch took office, in 1865. On the 31st October, of that year, he reported 428 millions of greenbacks, 26 millions of fractional currency, and 205 millions of National bank-notes, besides 32 millions of five-per-cent. legal tenders, and 173 millions of compound-interest notes. The total currency outstanding was thus 864 millions; and 111 millions more of legal-tender fives had been redeemed during the previous year. Hence, the aggregate of 975 millions of currency was in circulation in the early part of 1865.

The necessary powers being given by Congress, Mr. McCulloch gradually paid off or funded the superfluous legal tenders, and a large part of the 956 millions of five-twenties above referred to were issued for this purpose. This was especially the case with the five-twenties of 1864 and 1865, and less so with the consolidated bonds, of which 202 millions are outstanding of the 1865's, 310 millions of the 1867's and 37 millions of the 1868's. These bonds, as has been stated, were called consolidated bonds because it was expected that they would not be redeemed on the five years' option as they now seem likely to be under Mr. Bristow's skillful management. Besides redeeming the mischievous mass of temporary loans and interest-bearing legal tenders, Mr. McCulloch withdrew the greenbacks from circulation as fast as possible, under the laws passed by Congress for that purpose. In 1867, he reduced them to 356 millions, below which level they have never fallen. This process of contraction may be compared with the contraction just

now going on in the currency of the French Republic, an account of which we give in another page of this issue. To illustrate the course of contraction in this country, we give below the table of the greenback aggregates for the series of years over which it extended.

GREENBACK CONTRACTION IN THE UNITED STATES, 1865–1868.

	1865.	1866.	1867.	1868.
January ..	——	$ 426,231,390	$ 380.497,842	$ 356.159,127
February ..	——	423,902,223	381,427,090	356.159,127
March	——	423,435,373	376,235,626	356,157,747
April	$ 433,160,569	422,749,252	375,417,249	356.144,729
May	433,160,569	415,164,318	374.247,687	356.144,727
June	430.160.569	402,128,318	373,209,737	356.144,212
August	433,160,569	400,361,728	369,164,844	356,021,073
September .	433,160,569	399,603.592	365,164,844	356.021,073
October ...	428,160,569	399,165,292	361,164,844	356,021,073
November ..	428,160,569	390,195.785	357,164,844	356,021,073
December..	426,741,396	385,441,849	356,212.473	356.021,073

We need not dwell longer on this side of the Treasury policy, which was more active in Mr. McCulloch's time than to-day. For the last four years its force has been passive rather than active. It has been more effective in defending the citadel of the currency against new inflation than in overcoming and expelling the old. There are indications that in conformity with the suggestions of the President, the reaction of the public mind will be confirmed in favor of some wise conservative method of reforming our paper currency and raising it to the level of coin. At present, however, currency reform, as a principle of Treasury management, is in abeyance, and the other principle, that of funding the public debt at a lower rate of interest, will be the one to which Mr. Bristow's chief strength will be given. It will be a great triumph for the present administration if, during the next two years, the process, which has been so long in contemplation, can be completed on satisfactory terms. Mr. Bigelow, of the Treasury Department, has lately returned from Europe, where he has been engaged in business connected with this work. His report to the Secretary shows that an unusual number of favorable circumstances in the European money market agree just now to favor our funding operations, and that for many years past, a concurrence of similar auspicious conditions has not been present. His conclusions are supported by a multitude of authorities, and, in corroboration, we may point to the rapid advance in United States securities in Europe and here.

Our funded debt, as will be seen from the June statement on another page, amounts to 1,724 millions, of which 1,213 millions, or more than two-thirds, are at six per cent. Four years ago, Mr. Boutwell was empowered by the law of 1870, above referred to, to fund at a lower rate of interest that part of the six-per-cents which, by expiration of the five-twenty option should, from time to time, become redeemable at the pleasure of the Government. The intention was to fund the whole debt eventually at

four per cent. It was the opinion of men eminent for their experience and sagacity that in a few years the four-per-cents of the United States Government would be eagerly sought by a numerous class of European investors at par in gold. If the bonds were at long dates and unincumbered with any option, such as impedes the sale and lessens the popularity of the five-twenties, of the ten-forties, and even of the new Fives, there is little doubt that this anticipation would prove true. The proof may come sooner than the most sanguine of us expect. But the essential condition of funding a debt of such magnitude and intrinsic value as ours, is that the bonds should run at long dates. Mr. J. B. Elliman, a merchant and financier of forty years' experience in this city, proposed at the outset of the war to fund our war debt in an irredeemable bond like the English Consols or the French Rentes. His plan has since been more than once agitated in various shapes. We shall not be surprised to see it revived. Its chief benefit is claimed to be that it would enable us to borrow on better terms than by any other expedient. By such irredeemable bonds, it is argued, we can raise all the money we want at a lower rate of interest than by five-twenties, or ten-forties, or even by twenty-year bonds without any option attached to them. Another advantage is, that we could buy up our bonds in the market just as we have bought up the five-twenties, so that the irredeemability of the debt would not prevent our reducing its amount should the Treasury have a surplus available at any time for that purpose.

It is alleged that the objections to this method of funding the debt were rather popular than practical, and had their foundation in sentiment more than in utility. At any rate there is no doubt that these objections are much less powerful now than they were at an earlier stage of our war finance. When the funding of the debt comes up again for discussion in Congress, we shall probably have the advantages and disadvantages of permanent bonds more thoroughly analyzed than they have heretofore been. Among the questions which the public want to see elucidated, one of the chief is as to how much the permanent system of funding actually saves. They wish to know whether, as Mr. Secretary Chase supposed, the "controllability" of the debt by a five-years' option has really been of any considerable value as an element in our financial system; and if so, what are the precise advantages that we have derived from it. The next question will be as to the expense which these options have involved. If it be true that they have cost us one per cent a year on even one-half of our funded debt since the war, then it must be admitted that in nine years the extra burden thus imposed upon us has amounted to a prodigious sum. In these days of economy and fiscal reform such a drain upon the National Treasury, and such a needless burden upon our fiscal resources, as we find here alleged, cannot fail to attract considerable discussion, now that they have been, by recent events, so conspicuously brought into public view.

SOME RESULTS OF THE FRENCH INDEMNITY PAYMENTS.

It has often been urged by Mr. Froude, Mr. Goldwin Smith, and other writers, that history is not a positive science, nor ever can be an exact science, so long as the element of man's free will gives uncertainty to historic phenomena and baffles prediction. A more conspicuous illustration can scarcely be conceived of Mr. Froude's argument than is given by the results of the last French War. Rarely in the history of nations have events so thoroughly belied and confounded our political prophets. The *Dublin Review* had a characteristic article on the "appalling suddenness" of the French Emperor's fall. Few of the European reviews and newspapers were without their sinister predictions as to the fate of France. Even the London press gave way to the general foreboding. In 1870 and afterwards we saw the same incapacity to interpret France and her immediate prospects which was exhibited by Mr. Robert Lowe's splendid diatribes against Napoleon in the London *Times* during the early days of the second Empire. The last-named journal gave prominence to some well-remembered communications, in 1872, from a gentleman of the "highest financial standing." According to this eminent authority, France was to be almost bankrupt before the indemnity was paid. England would be seriously troubled, and her finances convulsed by the banking arrangements needful to clear the payments, and the commerce of the whole world was threatened with a series of shocks, the magnitude and results of which might well awaken the liveliest apprehension. A more hopeful view soon began to prevail, and like a good ship heavily laden, France began to exhibit proofs that her strength had been greatly underestimated. The first payment under the Treaty of Paris was made 15th February, 1871, and consisted of one milliard of francs, or $200,000.000. In September, 1873, the final instalment of 250 millions of francs was remitted to complete the whole five milliards with interest and all other stipulated expenses.

This result was achieved notwithstanding the obstacles interposed by the civil war and by the demoniac carnival of the Commune. Such obstacles would have been less formidable in a financial point of view if all that had to be done were simply to transfer from Paris to the imperial exchequer of Germany a capital equal to five milliards in any shape that might be most convenient to the exhausted resources of the payer. These terms did not suit the victors and were not permitted for the ease of the vanquished.

Germany held France in her iron grasp and forced on her a

severer solution of the problem. The whole of the five milliards were to be paid in coin or its equivalent. At first it was supposed by some persons, that the full amount in gold and silver coins must pass and be actually counted out and carried off from Paris to Berlin.

Almost all the authorities great and small were agreed that perplexing movements and transfers of coin were inevitable. The only conflict of opinion was as to the exact quantity of such international transfers of coin which would actually be found needful. As the lowest estimates represented a prodigious sum, statisticians began to ask one another how much available gold Europe had at her disposal. To answer this question the London *Economist* published some elaborate tables, compiled by a well-known statistician, Mr. Robert Giffen. It was shown that since the gold discoveries of 1848, the world's product of gold to the beginning of 1872, was £496,617,000, or $2,483,085,000, which gave an annual average of about 103 millions of dollars a year. With these figures before us, we see that if France had to pay her five milliards in actual coin, the amount, which is 1,000 millions of dollars, would require her to command the whole gold supply of the old and new world for the previous ten years. This was the conclusion arrived at by the inquisitive gentlemen who started the statisticians on these curious inquiries. They were not satisfied, however, till they had made further inquisition as to the precise amount of specie which was held in France. Many estimates were concocted which we pass by. An official report was prepared by the French Government, and appeared in the *Annales du Commerce Extérieur*, showing the operations of the French mint from 1855 to 1870. From this statement it is seen that the total coinage of gold and silver in France during that period almost exactly reached the aggregate of the indemnity payments to Germany. Subjoined is the official report:

COINING OPERATIONS OF THE FRENCH MINT, 1855–1870.

Year.	*Gold. francs.*	*Silver. francs.*	*Total. francs.*	*Total. dollars.*
1855	447,427,820	25,500,306	472,928,126	$94,585,625
1856	508,281,995	54,422,214	562,704,209	112,540,842
1857	572,561,225	3,809,611	576,370,836	115,274,167
1858	488,689,635	8,663,569	497,353,204	99,470,641
1859	702,697,790	8,401,814	711,099,604	142,219,921
1860	428,452,425	8,084,198	436,536,623	87,307,325
1861	98,216,400	2,518,150	100,734,550	20,146,910
1862	214,241,990	2,519,398	216,761,388	43,352,277
1863	210,230,640	329,610	210,560,250	42,112,050
1864	273,843,765	7,296,609	281,140,374	56,228,075
1865	161,886,835	9,222,394	171,109,229	34,220,846
1866	365,082,925	44,821,409	409,904,334	81,980,867
1867	198,579,510	113,758,539	312,338,049	62,467,609
1868	340,076,685	129,445,268	469,521,953	93,904,391
1869	234,186,290	68,175,897	302,362,187	60,472,437
1870	55,394,810	69,051,256	124,446,066	24,889,213
Total,	5,299,850,740	556,020,242	5,855,870,982	$1,171,174,196

These discussions reached their height in July, 1872, when the French National Loan of that year was announced for three milliards of francs in five-per-cent. rentes, at 84½. To shed further light on the question, an elaborate statement was compiled from official figures of the actual exports and imports of the precious metals, subsequent to the Treaty of Paris. During the eighteen months, from the 1st January, 1871, to the 1st July, 1872, nearly two milliards had been paid to Germany; three half-milliards in 1871, and the remainder in 1872. During the whole period of eighteen months, in which these payments of a magnitude unprecedented in European finance had been completed, the movements of gold and silver, as given by the official tables, disappointed all expectations, and were reported as follows:

EXPORTS AND IMPORTS OF GOLD AND SILVER,
JANUARY, 1871, TO JUNE, 1872.

	Exports.		
Year 1871 ....francs	528,825,636	..	$ 105,765,127
Six months of 1872........	78,337,240	..	15,667,448
Total..................	607,162,876	..	$ 121,432,575
	Imports.		
Year 1871 ....francs	286,080,407	..	$ 57,216,081
Six months of 1871.........	211,137,678	..	42,227,536
Total..................	497,218,085	..	$ 99,443,617
Recapitulation of Exports and Imports.			
Exports ....francs	607,162,876	..	$ 121,432,575
Imports....................	497,218,085	..	99,443,617
Excess of exports..........	109,944,791	..	$ 21,988,958

These figures suggested the almost inexplicable fact that while the first two milliards of the indemnity were being actually paid France had been steadily importing gold, so that at the close of the payment she had been obliged to export only 110 millions of francs over and above her imports of the precious metals. In other words, she lost no more specie than the insignificant sum of 22 million dollars in eighteen months.

And yet, in that short space of time, France had paid to Germany $481,000,000. How had this sum been paid? Germany would not accept rentes and would take nothing but gold or its equivalent. The custom-house returns show that Germany had received very little gold from Paris. What equivalent was substituted? If France did not pay in specie at once had she obtained credit, and would the specie still be demanded at a later period and in a final liquidation?

If such a demand for specie hung over France as one of the possib e exigencies of the future, it is quite evident that the new loan had rather a dubious prospect in the summer of 1872. A

satisfactory answer to this question was soon found. It was pointed out that the Bank of France was growing stronger in its specie reserve, and the custom-house returns as to the exports and imports of gold were cited to show that the gold movements were growing even more favorable, and that for the latter part of the eighteen months above referred to, the balance of imports was fully kept up. The figures were found to be as follows, for the last half year of the period under review:

DETAILS OF SPECIE EXPORTS AND IMPORTS OF FRANCE, JANUARY TO JUNE, 1872.

Exports.

	1872.		1870.		1869.
Gold bullion ....francs	5,678,400	..	38,385,750	..	35,116,533
Gold coin............francs	48,825,000	..	67,755,000	..	83,178,333
Silver bullion........francs	5,643,440	..	19,876,560	..	30,808,071
Silver coin..........francs	18,190,400	..	16,550,400	..	31,212,200
Total exports in francs..	78,337,240	..	142,547,710	..	180,315,137
Total exports in dollars .	$15,667,448	..	$28,509,542	..	$36,063,027

Imports.

Gold bullion ....francs	9,771,450	..	47,885,825	..	76,738,675
Gold coin............francs	51,400,200	..	39,524,813	..	157,785,766
Silver bullion ....francs	25,075,688	..	21,197,506	..	32,277,985
Silver coin...........francs	124,890,340	..	41,080,539	..	59,741,766
Total imports in francs ..	211,137,678	..	149,688,683	..	326,544,192
Total imports in dollars..	$42,227,536	..	$29,937,737	..	$65,308,838

Taken in connection with notorious facts, these and other statistics fully proved that notwithstanding the two milliards of indemnity already sent to Berlin, and although Germany required those sums to be paid in gold, still France continued to import gold instead of exporting it. Hence, if we deduct the exports from the aggregate importation it follows that the predictions as to the drain of gold and silver from France had been wholly wrong. These proofs were questioned in some quarters. But they were generally accepted to be substantially as correct as such official statements can usually be made. The theory was thus exploded that France would have to export any great amount of gold to pay her debt to Germany. The inference was, that as the liquidation had been accomplished of two milliards without the anticipated losses of, gold and silver, so the remaining problem of paying the other three milliards would, in like manner, be capable of an equally satisfactory solution.

To test this view, so important to the prospects of the new loan, it was demanded how the process of payment could be explained. Statistics were once more in request, and the custom-house reports of foreign commerce were again canvassed. France, it was said, can pay her foreign debts as well in goods as in specie. This particular debt has evidently not been paid in specie. Has any part of it been paid in goods exported abroad?

Among the statistics compiled in answer to this question was the following official statement of the export and import trade of France for the first half-year of 1872, as compared with the same period of 1870 and 1869:

FOREIGN COMMERCE OF FRANCE, JANUARY TO JUNE, 1869–72.

Exports.

	1872.		1870.		1869.
	Francs.		*Francs.*		*Francs.*
Manufactures..............	966,574,000	..	857,747,000	..	827,409,000
Articles of food, raw materials and natural productions	674,653,000	..	612,309,000	..	602,862,000
Other articles............	86,372,000	..	70,803,000	..	62,097,000
Total exports in francs.....	1,727,599,000	..	1,540,859,000	..	1,492,368,000
Total exports in dollars....	345,519,800	..	308,171,800	..	298,473,600

Imports.

Articles of food............	374,083,000	..	327,221,000	..	308,693,000
Raw materials and natural prcduotions............	963,436,000	..	1,119,178,000	..	933,137,000
Manufactures..............	254,383,000	..	154,965,000	..	129,575,000
Other articles............	86,830,000	..	72,770,000	..	66,542,000
Total imports in francs.....	1,678,732,000	..	1,674,134,000	..	1,437,947,000
Total exports in dollars....	335,746,400	..	334,826,800	..	287,589,400

These aggregates show that the industrial activity of France was responsive to the new impulses and requirements of French finance. For the half year comprised in the above table, the commerce of France, exports and imports, amounted, as we see, to 3,406 millions of francs, giving an increase of 191 millions over 1870 and of 476 millions over 1869. The increase in the exports, chiefly consisted of manufactures and other products of skilled labor, which bring, of course, more advantage to the exporting nation, because a large part of their value represents wages, and is distributed among the masses of the laboring population. In this point of view it is interesting to see that of the aggregate exports no less than 56 per cent. consist of manufactured commodities. How effectively such expanding markets for French goods must contribute to enhance the prosperity, and to increase the tax-paying power, of the frugal French is too obvious to need remark. It is also significant that the proportion of manufactures in the imports was only 15 per cent. This disproportion has been ascribed to the protective character of the revenue policy lately inaugurated. But it may be doubted whether the ostentatious talk on this subject has not really been intended to inspirit and encourage the people, who, in France as here, are profound believers in many protectionist heresies. How far the present tariff of France will be found really to depart, in its practical working, from the old-established free-trade policy, are questions which await more careful examination, and have perhaps been too hastily judged. At any rate the proportion of manufactures in the imports has not fallen off, but is larger than in former

years. In 1869 and 1870 the proportion was, for example, but 10 per cent., or two-thirds as much as now.

In confirmation of these statements it was pointed out that France for a long time before the war, had been exporting more than her imports and had taken her pay from foreign countries in securities. In other words, the balance of trade had run for a series of years in favor of France, and had made the French people the owners of several milliards of bonds of various foreign countries. These securities were as good as cash in the money markets abroad, and by their sale the French people did two things,—first, they made room for the substitution in France of the new and more productive rentes in place of the foreign securities sent abroad for sale. Secondly, the balance of the foreign exchanges was thus redressed by the export of vast amounts of saleable bonds to foreign markets. Such were the chief arguments in support of the opinion that France paid her two milliards of debt to Germany in 1871 and 1872, partly by the export of gold, partly by the export of goods, but chiefly by the export of securities of English, American and other foreign descriptions; as well as by the export of her own government and other securities. This view has been confirmed by later investigations, which have given a like explanation of the subsequent payment of three milliards in 1872 and 1873. But the question now arises how the Bank of France contrived to give so much stability to the commercial and monetary situation during these long-protracted liquidations. From what has been said it is evident that on the bank rested the chief burden of these stupendous transactions of international finance.

These questions may be expected to receive elucidation from the work of M. Leon Say, who has been charged by the Committee on the Budget to draw up a report on the exchange operations connected with the payment of the Prussian indemnity. He said a few weeks ago, during a June session of the committee, that his labors were not completed, but he had already gathered sufficient information that the resources of specie available in France had been less depleted than might have been feared. This remark was elicited by an inquiry in committee whether the bank might shortly be expected to resume specie payments, and whether that event would be retarded if the Government should find it necessary this year to reduce the amount of its repayment to the bank. The affirmative answer given to the question shows that M. Leon Say agrees with the opinion which generally prevails throughout the financial world, that the Bank of France has managed its combinations with consummate skill and wonderful foresight. The objective point of its strategy was of course the defence of its specie reserve, which amounted on the 8th September, 1870, to 808,002,713 francs or 161 millions of dollars. A year later the specie reserve fell to 626,667,408 francs. It is now nearly twice that amount. On the 2d July, 1874, the specie re-

ported by the Bank of France was 1,195,458,839 francs or $239,091,767. This is the largest sum ever held in specie by any bank preparatory to the resumption of specie payments. Whether or not it will be effective for the purpose we may hereafter inquire. Our attention is demanded at present by the question, how the bank has contrived to retain so much reserve, and by what means it has succeeded in protecting its specie vaults during the eager attempts of the imperial treasury of Germany to get gold for its new coinage.

Modern finance has discovered only two methods by which, for legitimate purposes, a bank can protect its reserve. One method is to raise the rate of interest, as the Bank of England has often done, with the avowed intention of retarding the outflow of its specie. This system it started in 1844, when the existing regime of the bank was settled. With this method of protecting the reserve we need not meddle now, as it has never been tried by the Bank of France, and will never, as some think, be tried again with any success by the Bank of England. The only expedient which was open to the Bank of France for the protection of its coin reserve, in 1870, was the suspension of specie payments. What is meant by this phrase is too well known to need explanation. Suspension is one of the heroic remedies of finance. Empirics in this country, and in Continental Europe, have too often resorted to it, and they seldom fail to leave a fertile brood of mischiefs in their train. When the Bank of France suspended specie payments, in 1870, it received two new privileges. First, it was relieved from the necessity of paying specie for its notes on demand. Secondly, it was allowed to issue more notes. By the first of these privileges, the holder of a note of the Bank of France was estopped and restrained in some of his previous rights, which were transferred from him. He could no longer go to the bank and demand specie in exchange for his notes. Previously the note conferred on its holder a "call" or an "option" for so much gold. He could send it to the bank counter and get his gold on demand. The whole monetary operations of France were controlled by this central fact of the conversion of the note on demand into coin. The moment suspension became an accomplished fact, this central regulator was taken away, and gold was no longer accessible. The bank note conveyed no title to coin, or at least no title to go and demand it at will. If we are asked whether this revolutionary procedure is equitable, and how the right of the citizen can be, in justice, disturbed by such an act as the suspension of specie payments, the reply might be made, *inter arma silent leges*. The exigencies of war converted the gold in the Bank of France into an indispensable fortress.

The whole nation was protected by it. This metallic barricade must be raised as high as possible. It must be kept strong at all hazards. This precious store of gold was a Trust Fund, not only for every note-holder of the bank, but for every citizen of France,

for every creditor of her Government, for every man in her army and navy, for every widow and orphan whose name was in the Grand Livre of the public debt. Suppose the bank had not resorted to suspension, it must have paid all comers. Let us see what would have happened to it at the close of 1870 or the beginning of 1871. Its notes alone were 1,490 millions of francs, while its gold was 808 millions. To say nothing of other creditors of the bank, it is evident that there was not gold enough for the note-holders if each had been allowed to claim his share. Nearly half of these note-holders would have lost their money, and the losers would have been the weaker half, who were less able to bear the loss. Can we contemplate without a shudder the perils that would have been thus let loose, or the tide of ruin and terror and overwhelming panic which would have swept over France, desolating the homes of 40 millions of the most frugal and industrious and elastic population in Europe?

That the French nation was victorious in this hour of supreme peril, and was preserved to give thanks at Notre Dame in 1872 for the success of her national loan, was due in no small degree to the firmness and wisdom of the bank in 1870. It asked for the privilege of suspending that thereby it might save the country. That privilege up to this moment does not appear to have been once abused. The circulation of the bank was indeed enlarged to an enormous degree. From the maximum of 1,490 million francs in 1870, it rose to 3,012 millions in November, 1873. At the last-named date, the financial operations connected with the indemnity being closed, the bank like a good strategist began immediately to make its combinations for an approach to specie payments. The policy adopted for this purpose was twofold.

First, the bank authorities began to raise their coin reserve which stood at the level of 731 millions of francs, or 146 millions of dollars. This being the situation, let us trace the successive steps of their steady advance towards the goal of resumption. Since November they have accumulated, as above stated, 464 millions of francs of gold, so that the specie in the bank vaults amounts to 1,195 millions of francs. The second part of the resumption policy of the Bank of France was a vigorous curtailment of its circulation. It was decided to withdraw its notes as rapidly as possible. The contraction-mechanism was immediately put in force. How efficiently it began to act we shall presently see. On the 12th November, the notes stood at the level of 3,012,500,000 francs. This was the highest point they ever were permitted to reach. Their rapid descent from it may be seen by the following table, which is worthy of special attention as illustrating some of the most delicate operations of monetary statesmanship. The figures indicate hundreds of thousands of francs, five cyphers being omitted.

Eight Months' Contraction in the Bank of France.

1873.	*Notes.*	*Coin.*	*Discounts.*	*Loans.*	*Private Deposits.*	*Public Deposits.*	*Int. Per ct.*
October 2..	2,938	717·3	1,056·0	138·6	173·0	176·6	–
" 23..	2,989	723·6	1,171·4	138·0	194·9	154·3	6
November 7	3,009·7	732·8	1,225·7	137·5	230·9	117·1	–
" 13	3,012·5	731·5	1,230·1	136·9	223·7	104·7	7
" 20	2,983·9	732·1	1,192·8	131·9	210·9	104·9	6
" 27	2,924·9	731·1	1,151·3	130·8	201·2	121·2	5
December 4	2,883·8	732·8	1,136·5	130·3	200·5	134·7	5
" 26	2,807·0	759·9	1,134·9	129·2	209·4	147·1	5
1874.							
January 2..	2,886·3	766·3	1,193·1	129·1	197·9	165·5	5
" 9..	2,897·7	776·8	1,219·9	128·9	237·8	138·3	5
" 16..	2,916·8	797·6	1,207·2	127·5	220·8	138·1	5
" 23..	2,869·1	810·9	1,157·5	124·8	200·7	136·9	5
" 30..	2,832·6	840·7	1,130·5	143·2	208·6	150·3	5
Feb. 5..	2,801·8	856·1	1,113·5	122·2	234·5	133·5	5
" 12..	2,759·6	870·0	1,062·3	116·0	216·8	133·3	5
" 19..	2,717·6	912·5	1,012·8	109·1	238·0	113·8	5
" 26..	2,700·1	933·7	978·0	108·4	225·8	131·1	5
March 6..	2,690·5	656·6	943·5	105·7	210·8	141 3	4½
" 12..	2,667·3	980·7	904·0	104·1	207·9	145·2	4½
" 19..	2,610·4	1,006·9	874·6	103·7	199·4	142·1	4½
" 26..	2,598·0	1,028·0	853·2	104·2	187·0	153·4	4½
April 2..	2,623·7	1,046·8	891·4	105·4	208·7	150·2	4½
" 9..	2,606·7	1,052·5	890·4	105·0	227·6	139·7	4½
" 16..	2,602·3	1,055·9	859·1	104·3	188·4	135·2	4½
" 23..	2,608·4	1,062·6	850·8	104·6	192·6	133·7	4½
" 30..	2,628·9	1,174·0	917·3	104·9	194·1	162·5	4½
May 7..	2,555·9	1,092·9	839·0	105·4	219.2	153·1	4½
" 14..	2,560·1	1,102·0	828·8	105·6	210·4	151·1	4½
" 21..	2,527·8	1,111·7	781·1	106·0	214·2	141·1	4½
" 28..	2,509·2	1,127·6	778·6	105·7	236·4	155·0	4½
June 4..	2,496·6	1,143·6	746·3	108·1	220·5	165·8	4
" 11..	2,476·2	1,153·3	731·1	108·3	239·1	162·0	4
" 18..	2,475·6	1,164·8	736·7	108·4	243·5	176·1	4
" 25..	2,475·3	1,174·2	731·3	109·5	——	——	4
July 2..	2,522·5	1,195·4	771·9	112·4	——	——	4

One point of importance in this report is, that while so rapid a withdrawal of currency was going on, the money market did not become stringent. On the contrary, it has grown easier. The rate of interest has fallen from 7 per cent. to 4 per cent. This illustrates the principle, that "if contraction is done at the proper time and in the right way, it need not disturb the money market." In 1867 Mr. McCulloch's contraction measures caused no perturbation in the loan market until the autumn months, after business revived and became active. Had the process of contraction been stopped when the busy season set in, the experience of the United States in 1867 would probably have corresponded with the experience of France in 1874, and the money market in both instances would have been free from trouble. Hereafter, when the French experiments in currency reform shall have reached the further stage, to which they seem rapidly advancing, we may, perhaps, resume our narrative of their progress.

THE FINANCE OF RAILROAD PROGRESS.

By Dr. George Marsland.

Of railroads it has been well said, that they are working a change as complete and lasting in the economy of wealth as that which printing accomplished for learning, or the discovery of steam for machinery. Every mile of iron road links together a new or an old field of production with a wider circle of consumers, so that supply and demand are swiftly developed and harmonized. Railroads thus diminish scarcity and equalize prices. They give work to the industrious, and produce more capital than they absorb. The facilities of railroads and telegraphs overleap time and distance and give to vast continents, for most purposes of commerce, the concentration of a single town. Sources of supply formerly cut off from development, because so far from a market, have been touched, as it were, with the magic wand of modern progress, and have sprung at once into fertility and value. Michel Chevalier and other writers have elaborated these ideas, and have attempted to estimate the precise amount of new wealth which railroads have created. If such estimates were not too conjectural and vague to be of much service, there would still be the objection that in every country a careful analysis will disclose National differences, so that what is true for France would not hold good in Germany, or Belgium, or England, and still less in this country or in Australia, or in British India.

Hence it is no wonder that such estimates exhibit wide discrepancies. Their ingenious authors agree in little else than that railroads, on the whole, create a great deal more wealth than they consume, and that this increase of wealth arises in some varying and unascertained proportion from several sources. Among these they specify not only the opening of new markets, the equation of prices, the giving a new value to labor, to farms and to real estate generally, but also the creating of manufactures, the saving of time in locomotion, and the conferring on any ingenious, energetic population, though scattered over a wide belt of territory, advantages for the combining of inventive skill and for the organization and division of labor which in former years were the exclusive monopoly of densely crowded cities. For these and other reasons railroads have been reckoned among the most powerful economic forces which the enterprise of the nineteenth century has given to the world.

Half a century ago commerce had little or no help from railroads, but now the whole industry and trade of the world would be arrested without them. The *Statesman's Year Book* gives an interesting table of the railroads of the world, which, with some additions, we subjoin:

RAILROAD NETWORK OF THE CHIEF COMMERCIAL COUNTRIES.

		Mileage.	1 m. of R. R. to sq. mls.	Cost per mile.	Total cost.
U. S., New England...	1874	5,314	12·9	$47,840	$263,697,778
" Middle States...	1874	14,019	9·9	67,737	1,126,702,107
" Western " ...	1874	33,772	30·7	52,125	1,730,728,234
" Southern " ...	1874	15,353	51·4	36,994	509,324,106
" Pacific " ...	1874	2,193	209·0	95,590	154,090,809
Gt. Britain and Ireland.	1873	15,814	8	179,920	2,845,236,730
Belgium	1872	1,892	6	106,987	202,419,404
Netherlands......	1872	1,045	13	97,202	101,575,045
Germany	1873	13,066	15	88,493	1,156,249,538
Switzerland	1871	820	18	87,134	71,448,240
France	1872	10,706	19	158,714	1,716,333,196
Italy	1871	3,895	27	89,712	349,428,240
Denmark	1872	530	28	57,114	30,270,420
Austro-Hungary	1872	7,529	30	73,915	556,506,035
Spain	1870	3,801	54	107,156	407,299,956
Portugal	1869	453	81	101,317	45,896,001
Roumania.......	1871	507	90	46,729	23,691,603
Canada	1873	2,928	148	70,160	205,428,480
British India	1870	4,182	230	100,500	420,271,000
Russia................	1872	7,297	280	166,477	1,214,782,669
Sweden and Norway ...	1873	1,049	292	66,438	69,693,462
Chili	1872	452	298	61,309	27,711,668
Costa Rica	1873	82	318	90,000	7,380,000
Honduras	1873	62	638	95,000	5,890,000
Egypt	1870	737	907	96,504	71,123,448
Argentine Confederation	1872	875	955	53,918	47,178,250
Uruguay	1873	57	1,290	86,000	4,902,000
Peru	1873	375	1,340	56,410	21,153,750
Paraguay	1873	44	2,334	89,790	3,950,760
Australia	1870	1,058	2,404	99,622	105,400,076
Mexico	1870	300	3,435	54,920	16,476,000
Turkey	1873	488	3,720	46,829	22,852,552
Cape of Good Hope ...	1873	134	5,000	92,103	12,341,802
Columbia	1873	65	6,600	166,667	10,833,355
Brazil	1872	410	7,573	201,157	82,474,370
Total foreign..........		80,653	—	——	9,854,764,560
" United States....	1874	70,651	35·3	53,567	3,784,543,034
Grand Total.......		151,304			$13,638,307,594

From these figures it appears that the railroad network of the world exceeds 151,000 miles, and has cost 13,638 millions of dollars. If, as is estimated by some engineers, the wear and tear of these roads is equal to one-thirteenth of their cost, an outlay would be required of over 1,000 million dollars a year. And assuming that on the average these railroads create five times as much wealth as they consume, the whole network comprised in the above conspectus represents a productive power of over 6,000 millions of dollars a year. But it further appears that nearly one-half of these railroads are in the United States. In the United States, therefore, nearly one-half of this vast production of wealth is going on. If the estimates we have given are not exaggerated, our railroads add every two years to the wealth of this country a sum equal to the whole of our funded National debt.

In looking over this list of railroads they divide themselves into two groups—the roads constructed by the Government and those constructed by private enterprise. The former class comprise almost all the existing network except that of Great Britain and of the United States. The British railroads, as will be seen, have a total length of 15,814 miles, while ours have a length more than four times as great, their mileage being 70,651. England is far ahead of all European nations except Belgium, in the adequacy of her railroad accommodation. This may be seen in the fact that she has but eight square miles to every mile of railroad, while France has nineteen miles, Germany fifteen miles, Spain fifty-four miles, and the United States thirty-five miles.

It is worthy of note that England, like ourselves, built a larger portion of her railroad network during the course of a few years, and thereby produced more than one financial panic. Since her last panic of 1866, a smaller average of new railroad construction has been ventured upon, although the last two or three years have shown some improvement. The latest official report of the Board of Trade, carried the statistics of the British railroads down to December, 1872, when the mileage was 15,814. Of this railroad network, England and Wales had 11,136 miles, Scotland 2,587 miles, and Ireland 2,091 miles.

The total capital was reported at £552,680,107 in 1871. The average profit rose from 3·75 per cent. in 1858 to 4·19 per cent. for 1870, to 4·43 per cent. for 1871 and to 4·51 per cent. for 1872. In the distribution of these profits, after paying the bondholders, there were shares of the value of 33 millions sterling, that received no dividend at all. Of the residue of the shares, amounting to 206 millions, 10½ millions received dividends of less than 1 per cent a year; 8 millions from 1 to 2 per cent.; 2½ millions, 2 to 3 per cent.; 18 millions, 3 to 4 per cent.; 23 millions, 4 to 5 per cent.; 23 millions, 5 to 6 per cent.; 27 millions, 6 to 7 per cent.; 55½ millions, 7 to 8 per cent.; 15 millions, 8 to 9 per cent.; 18 millions, 9 to 9½ per cent.; 2¼ millions, 10 to 10½ per cent., and 3½ millions, 12 to 12¾ per cent. Of the 33 millions of share capital on which no dividend was paid 26½ millions belonged to English companies, nearly 3 millions to Scotch companies, and 3½ millions to Irish companies. Of the aggregate share capital of all the roads, the English companies had nearly 202 millions, the Scotch companies 22 millions, and the Irish companies 15 millions sterling. The gross earnings of the British railroads amounted, in 1872, to £51,304,114 on 15,814 miles. The expenses were £25,652,383, or 50 per cent. against 48·4 for 1871, and 50·6 for the year 1867. The latter year had the greatest proportion of working expenses recorded in the history of the British railroad system. We compare the chief statistics of the official report for 1872 with those for previous years, as follows:

BRITISH RAILROADS—OFFICIAL STATISTICS.

Year.	*Length of line open at end of year.*	*Capital expended on railways open for traffic.*	*Average cost per mile.*	*Total traffic receipts.*	*Average receipts per mile for year.*	*Working expenses, rates and taxes.*	*Percentage of profit on capital expended.*
	Miles.	£	£	£	£	*P. ct.*	*P. ct.*
1842	1,630	54,380,100	33,362	4,470,700	2,743	40	4·93
1843	1,730	60,637,100	34,929	5,022,650	2,895	40	4·94
1844	1,950	66,882,100	34,200	5,814,940	2,982	40	5·22
1845	2,243	75,646,100	33,736	6,909,270	3,080	40	5·48
1846	2,840	87,765,100	30,903	7,945,870	3,797	42	5·25
1847	3,710	114,728,000	30,924	9,277,670	2,501	42	4·69
1848	4,626	154,200,000	33,333	10,445,100	2,258	42	4·06
1849	5,950	197,000,000	33,110	11,683,800	2,000	42	3·44
1850	6,733	230,522,730	34,236	13,142,235	1,944	42	3·31
1851	6,928	236,841,420	34,186	14,987,310	2,163	42	3·67
1852	7,337	248,093,520	33,816	15,543,610	2,118	45	3·44
1853	7,774	263,636,320	33,912	17,920,530	2,305	44	3·80
1854	8,028	273,860,009	34,113	20,000,000	2,491	46	3·93
1855	8,285	293,993,000	35,474	21,423,315	2,562	47	3·86
1856	8,741	302,946,260	34,658	23,095,500	2,642	48	3·96
1857	9,371	311,153,670	33,204	24,164,465	2,579	48	4·04
1858	9,550	319,950,000	34,099	23,966,749	2,499	48	3·75
1859	9,923	328,219,100	32,871	25,676,783	2,573	48	4·07
1860	10,350	337,827,200	32,640	27,676,783	2,674	47·5	4·30
1861	10,850	352,386,100	32,478	28,563,374	2,632	48	4·24
1862	11,470	370,107,280	32,268	28,980,612	2,527	48	4·07
1863	12,104	387,246,200	32,268	30,798,660	2,545	48	4·18
1864	12,682	408,396,680	33,303	33,582,497	2,608	47	4·35
1865	13,189	433,558,100	32,873	35,635,838	2,702	48	4·37
1866	13,624	453,746,800	34,039	37,815,927	2,776	48·8	4·17
1867	14,020	479,167,300	34,177	39,140,540	2,794	50·6	4·01
1868	14,223	436,893,400	34,233	39,823,268	2,800	49·5	4·13
1869	14,414	494,359,000	34,297	41,595,061	2,896	47·5	4·42
1870	14,610	504,381,000	34,106	43,626,605	2,909	48·1	4·19
1871	15,376	552,680,107	35,944	48,893,000	3,179	48·4	4·43
1872	15,814	569,047,346	35,984	51,304,114	3,244	50	4·51

Turning now to the railroads of the United States, we have no Government Report like that of the British Board of Trade. Many of the States have, indeed, their own railway bureau, to which the various companies are required to submit annual reports. For the States of Massachusetts, Connecticut, New York, Pennsylvania, Ohio, Illinois, and Minnesota, the official reports are of great value, and only require a few obvious improvements to give them uniformity and completeness. We cannot say so much for the States of Maine, New Hampshire, Vermont, New Jersey, Michigan and Wisconsin, which also publish their railroad statistics, but in a form susceptible of much improvement. The National Bureau of Statistics at Washington will, sooner or later, be empowered to collect these important statistics directly from the railroad companies. Indeed, we are not sure that it could not be done without any further legislation by a small addition to the working expenses of that very efficient and useful bureau. That Government reports like those of the British Board of Trade

can be compatible with the perfect freedom of railroad companies from undue Governmental restraint is fully demonstrated by the experience of England, whose railroad system is as voluntary as our own. In the absence of such Governmental statistics we have, however, annual compendiums of railroad reports, two of which have just been published and are now before us. The first is a trustworthy volume, almost as well known in Europe as here—Poor's *Manual of the Railroads of the United States.** This book is now enlarged to 820 pages. For seven years past it has given an annual summary of the statistics of railroad progress such as private enterprise has never before collected and published in any country in the world. For this task the editor, Mr. H. V. Poor, is admirably qualified. For some years before the war he edited with skill and ability the *Railroad Journal*, which Chevalier celebrates as the oldest railway newspaper ever published. Many of our readers will remember a pamphlet on Railroads, in which, at the request of Abraham Lincoln and other gentlemen, Mr. Poor a dozen years ago reproduced some of his luminous and suggestive articles on the resources of the Northern States. Rumor says that Mr. Poor has consented to expand these essays, and by appropriate illustrations and facts, adapt them to the elucidation of the recent crisis. Others say that Mr. Poor contemplates an entirely new book on the financial question. Some plausibility is lent to this opinion by the recent appearance in the *North American Review* of an article by Mr. Poor, which is believed to have had much to do with the rout of the inflationists in the last session of Congress.

In the Railroad *Manual*, Mr. Poor gives us his usual elaborate introduction, which contains within the limit of thirty-two pages an immense mass of beautifully-analytical statistics, showing in a symmetrical manner, the growth of our railroad system since 1830, when we had only twenty-three miles of iron road in operation, and the gradual steps by which year after year, from small beginnings at a few centres, the railroad network crept westward, and southward, and northward, till it holds the whole continent in its wealth-creating embrace.

Another important feature of this book is its detailed reports of the various railroad companies in the United States; the statistics being illustrated by analytical tables extending over several years past. This part of the work has received great improvements over the volumes of previous years.

A third feature is its account of the Congressional Land Grants for railroads, which begins with the earliest grant, in September, 1850, to the State of Illinois, for the Illinois Central Railroad, and ends with the last grant, of March 3d, 1871, to the New Orleans, Baton Rouge and Vicksburg Railroad. This part of Mr. Poor's

* *Manual of the Railroads of the United States for* 1874–75: showing their mileage, stocks, bonds, cost, traffic, earnings, expenses and organizations; with a sketch of their rise, progress, influence, etc., together with an appendix containing a full analysis of the debts of the United States and of the several States. By HENRY V. POOR. Seventh series. New York and London: H. V. & H. W. POOR. 1874.

labors would have been appropriately completed by a conspectus of the Municipal bonds and the County, State or National securities which have been at various times granted and used for railroad construction. Such a review from a competent hand would be extremely valuable. In his Appendix our author gives a detailed compendium of the various debts of the States and of the National Government. We would suggest the addition of a comparative summary of the aggregate of these State debts. Such a schedule could be easily made and would present the elaborate tables in a condensed form which would be extremely useful to a large and growing class of intelligent readers in this country and abroad.

The other book to which we referred above, the *American Railroad Manual*,* makes an effort to add to the usefulness and popularity of railroad statistics by presenting them in a somewhat less technical form. The work is very handsomely got up. Its editor is Mr. Edward Vernon, and though only in its second year, it is reported to have a large and influential class of readers. Its distinctive features are two. First, it groups all the railroads of each State together, so that the whole book divides itself easily and symmetrically into a series of distinct chapters, each complete in itself, each devoted to the railroads of a single section, and preceded by a summary of the general railroad history of the State. This idea is a good one, and it is capable of being worked out still more elaborately. The preliminary reviews are very suggestive, though some of them have the defect, which has been complained of in regard to other parts of the volume, of not bringing their information down to a sufficiently late period. This however is unavoidable in an extended work on railroads; for, as has been said, it is a task of almost infinite difficulty to make a compilation of the reports of nearly 900 companies in all parts of the United States and Canada; and to present every detail precisely accurate on the day of publication. Moreover if by superhuman diligence the difficulty were surmounted, and the report were absolutely correct to-day, it would be rendered incorrect to-morrow by the laying of new tracks or by some other change in the condition of one or more of the hundreds of roads under purview.

We have space to mention but in the briefest manner the other chief characteristic of Mr. Vernon's book. This consists of a series of maps, fourteen in number, intended to illustrate each section or chapter into which, as we have said, the manual is distributed. Besides these a large general railroad map of the United States

* *American Railroad Manual for the United States and the Dominion*, containing full particulars of the mileage, capital stock, bonded debt, equipment, earnings, expenses and other statistics of railroads, as now built and in process of construction, together with a general railroad map of the United States and the Dominion, and individual maps of each State and Territory; also an epitome or brief history of the charter under which each road was originally constructed, and the various transformations or reorganizations through which each company has passed from the date of its first incorporation down to the present time, and an official railroad directory, subdivided into executive, transportation and mechanical departments. Compiled and edited by EDWARD VERNON, formerly General Editor of the *Travelers' Official Railway Guide*. NEW YORK: AMERICAN RAILROAD MANUAL COMPANY. 1874.

and Canada is folded in the cover pocket and is very convenient for reference. To these maps, which are carefully executed, much of the popularity of the volume is no doubt due. Next year this apparatus of illustrative maps will no doubt be improved by the removal of some minor inaccuracies—such as the intrusion of a few roads which have no existence and the omission of certain lines now in operation. The historical review of each company, and the list of railroad officers which are arranged in a convenient form for counting-house use appear to meet the wants of many business firms who do not care for that statistical minuteness which is so useful and necessary to many railroad men.

The Granger agitation has given increased importance to the financial statistics contained in these volumes. M. Lavollée very justly observed in the *Révue des Deux Mondes*, that it is impossible by legislation to compel railroads to lower their rates without reducing proportionately their accommodation to the public.

The growth and financial condition of our railroads offer numerous demonstrations of this principle. The pressure of other important topics forbids the insertion of a summary of the financial position of our railroads in various sections of the country. From these statistics it appears that the railroads earn, on the average, about five per cent. on their cost, and taking the roads of the West and South, the average net earnings are about four per cent. If the financial aspects of the railroad agitation in the West could be duly appreciated, a wholesome change would soon make itself visible in the public opinion of our Western and Southern States.

Indeed, there are not a few indications that a healthier state of public opinion is already developing toward the railroads. To this agitation, and to the decline for two or three years past in the foreign securities, as well as to the panic last September, is due the check to our railroad building, which it is said, would have otherwise received an addition of nearly 30,000 miles during the last three years.

It is to be regretted that in most of the States the train mileage is not reported. This item is of importance, and should be always stated, because of the power it gives us to test the character of the profit which the roads are exacting for their service. Hereafter, we trust it will be possible to ascertain and to give a general conspectus of the average earnings and expenses per train mile for all the States. It is well known that there are two general methods of managing and controlling the policy of our railroad companies. By the first, a pinching economy is practised, and is pushed so far as to restrict the service and to keep down the number of trains. This short-sighted economy cripples the accommodation and checks the growth of traffic. But it swells the net earnings per train mile run, and thus increases the profits of the company, though at the risk of producing much dissatisfaction in the zone of territory served by their road. Competition is, of

course, the best remedy for this kind of misfeasance. But railroad extension being now paralyzed, few competing roads can be for some years to come hoped for in certain parts of the country. Hence, this item of train mileage will assume a new importance. And the State Bureaus should insist on the fullest information on this point. It must always be remembered that when the train mileage is contracted to an undue degree, the working expenses are reduced, and are made to bear a low percentage to the gross earnings. In this country, we have not adopted this pernicious economy as extensively as it has been adopted by some foreign railroads. We have rather followed the English policy, which is to multiply trains, to develop traffic, to render the railroad service as efficient as possible, trusting that by the generous stimulus thus given to the growth and productive power of the country, our railroads would get their reward. This beneficent and expansive principle, so congenial to our habits and institutions, has established itself as a fundamental part of our railroad policy, and to it are perhaps due many of the forces which have given such a wonderful prosperity to railroads during the past quarter of a century.

We have spoken of the cost of our railroads, but it must be remembered that it is increasing every year with the new accommodations and facilities for traffic, which competition develops. Commodious and expensive cars and powerful locomotives add to the dead weight of the trains, as well as to the capital invested in the rolling stock. The steel rail is claiming the honors heretofore held by the cheaper rail of iron. Light rails are discarded and heavier rails take their place.

Greater durability marks our railroad building and adds to its cost as well as to its economy. Safer bridges, double tracks, solid earthworks, stone ballast and other expensive improvements save more than they cost, but in dull times like the present, the item of cost fixes and commands the chief attention. Notorious abuses and peculations have also sprung up and in too many cases the increased cost has added nothing to the actual value of the roads. It is the result of financial manipulation. "Peculation and knavery," it has been said, have taxed much of the railroad capital in its transit from a floating to a permanent form, and this roguery has helped to swell the outlay of our railroads. But this abuse has had its day. Making allowance for these and other drawbacks, there is no doubt that the efficiency of our railroad system is receiving improvements nearly commensurate with their enhanced nominal value. In 1867, the average cost of our railroads was $42,770 per mile; in 1869 it had risen to $44,255; in 1872 to $49,592, and to $53,567 in 1873.

The following table (selected from Mr. Poor's figures) gives a comprehensive analysis of the chief facts of the railroad system with its financial position at the close of 1873.

Financial Condition of the Railroad Network of the United States, January, 1874.

	New England.	Middle States.	Western States.	Southern States.	Pacific States.	Total U. S.
Square Miles of Area	68,348	137,628	1,038,588	789,378	458,374	2,492,316
Population	3,640,000	10,828,000	14,605,000	11,285,000	853,000	41,211,000
Miles of R. R.	5,314	14,019	33,772	15,353	2,193	70,651
Square Miles to one Mile R. R.	12·9	9·9	30·7	51·4	209·0	35·3
Population to do	685	772	406	735	389	583
Capital Stock	$141,473,329	$649,503,037	$846,933,411	$228,477,107	$81,251,700	$1,947,638,584
Bonds and Debt	122,224,449	477,199,070	883,794,823	280,846,999	102,839,109	1,836,904,450
Total Capital account	263,697,778	1,126,702,107	1,730,728,234	509,324,106	154,090,809	3,784,543,034
Total Receipts	51,676,688	194,052,302	211,717,787	53,696,409	15,276,749	526,419,935
do per cent. to cost	19·7	22·5	11·8	10·7	9·9	13·1
do to one mile of R.R.	$9,687	$12,417	$6,421	$3,687	$9,477	$7,947
do to one inhabitant	14·50	18·00	14·49	4·76	23·68	12·80
Total Working Expenses	$36,614,911	$124,771,717	$139,253,575	$35,551,060	$6,418,110	$342,609,373
do per cent. of Receipts	66·5	64·1	65·8	66·2	42·0	65·1
Net Earnings	$15,061,777	$69,280,585	$72,464,212	$18,145,349	$8,858,639	$183,810,562
do per cent. to cost of R.R.	6·4	6·1	4·2	3·6	5·7	4·96

One of the interesting facts demonstrated by this table is the uniformity of the working expenses; which consume on the average 65 per cent. of the receipts. In other words, for every dollar which the railroads receive from the public, they pay out for wages and other working expenses from 64 to 66 cents. In England and in Continental Europe the working expenses consume about one-half. Hence foreign railroads have fifty per cent. of their gross earnings to apply to dividends and interest, while our railroads have but one-third of their gross earnings for that purpose.

By what magical process then, it may be asked, can our railroads contrive to earn 5 per cent. on their cost, while the British railroads, less heavily weighted with working expenses, can barely earn 4½ per cent. on their cost? The solution of this problem is not far to seek. If the reader will refer to the table on page 103 he will find his difficulties vanish. The English railroads cost 180 thousand dollars a mile, while ours average less than 60 thousand dollars a mile. That is to say, the same amount of money which built 1,000 miles of road in England would build more than 3,000 miles here. How this disparity of cost arose is not the question. We cite the fact for the purpose of showing how it happens that capital, invested in American railroads, can earn greater net profits for its owners. On this more generous liberality of earning power depends very much the hope of attracting capital to our railroad system from English investors. If the owners of that capital can be made to see the rich capabilities of augmentive value and productive growth which await development on many of our well-known lines of railroad, we shall have all the help from these foreign investors which we can advantageously use. We have said that our projectors have been building too many railroads since the war. During the last dozen years we have spent upon these public works nearly 3,000 millions of dollars.

But the process has gone on too rapidly. We have built up too much bad work, and this bad work for some years to come will demand from us a heavy outlay in buttressing and rebuilding. Such expenditure, if judiciously made, will richly repay those who invest in it. They will enter into other men's labors and will reap the fruits. In this country we shall build fewer railroads than in the past, but we shall build them better and our whole railroad net work will be brought up to higher efficiency. We rest our expectation of this influx of foreign capital upon two facts. First, there is a plethora of capital in England seeking investment in securities whose profits place them in the same class with our best railroad bonds. Secondly, these bonds offer greater security and firmer guarantees for the safety of the principal than most of the rival investments of equal remunerative attractions which are competing for capital in the money markets of Europe.

A third argument is adduced by the *Railway News*, a well-informed English journal, which says that in London the tide of investment "gives indication of flowing towards the best established American railroads," and every indication proves that never

before has there been so steady a demand for the better class of American securities, inasmuch as a vast amount of capital has accumulated, while the circle of investments offering has shrunk within considerably narrower limits. Many foreign securities, formerly much sought after, are now under a cloud; the heavy losses on Turkish, Egyptian, and other inferior bonds, having destroyed the market, while miscellaneous industrial undertakings and mining enterprises suffer from the discredit of notorious mining swindles. On such grounds as these, our contemporary predicts that unless some new speculative mania, contrary to the probability, should turn aside the attention of the public, and withdraw it from the growing attraction towards American investments, the flow into them of a considerable amount of British capital may be confidently anticipated.

We shall be told that we cannot keep up this attraction of foreign capital towards our railroad bonds, because of the recent default of numerous railroads, which have been unable to pay their interest-coupons. We think, on the contrary, that when the real character of these securities is understood, their defaults will probably strengthen the disposition of foreign capital to choose better in future, to reject weak securities, as these defaulters notoriously were, and to invest itself in our best railroad bonds, of which hundreds of millions can be supplied at remunerative prices. The *Financial Chronicle* last year published the statistics of these defaulting roads. At the close of last year the amount was some 300 millions. By a later statement compiled by the New York *Daily Bulletin*, of 15th July, we find that the amount of these defaults is now 335 millions besides interest. But we venture to predict that, in five years more, the owners of most of this dubious property, who are able to hold fast their bonds, will not lose by their holding. Moreover, in less than ten years the owners of these bonds will be able at the prices then current, not only to get their money back again but to make a handsome profit. To give support to this opinion, we might appeal to the past history of railroad investment here and in England. A long experience proves that few persons have lost money by railroad investments if they buy no more than they can hold with their own money; if they judiciously select their risks and distribute their ventures, and if they hold on to their property till it has had time to develop itself. In England, the capital which may be expected to invest itself in our railroads is discriminating and conservative. It will refuse to take the risks of such bonds as belong to the list on which these defaulting securities have always figured. The right sort of bonds for such sound, cautious investors at home or abroad, can, however, be found. Our railroad system supplies them. There are 3,784 millions of railroad securities, and among them are annually divided 183 millions of net income, earned by the railroads of the United States. Of this large mass of securities, the defaulting bonds, of which so much has been said, are a very small proportion, their discredit is but temporary, and they have been systematically avoided by conservative people who could not and would not take speculative risks.

FINANCE AND NATIONAL DEMORALIZATION.

It is a coincidence in keeping with the chaotic state of public opinion on the subject that two such eminent members of the learned profession of the law as the Hon. EDWARDS PIERREPONT and the Hon. WILLIAM M. EVARTS should nearly at the same time deliver each an oration, the one containing expressions of unqualified approval of our financial system, and the other of equally decided disapproval; and this, not from adverse sides in party politics, but from the same "woolsack." It is true that Mr. Evarts, having accepted an invitation to pronounce a formal eulogy on Mr. CHASE, could not gracefully appear as his critic; but it is sufficiently plain that his judgment of the policy was entirely in accord with his estimate of the man.

The oration of Judge PIERREPONT was delivered before the alumni of the Yale Law School on the 50th anniversary of the founding of that department of the University. The principal idea of it was to show the appropriate connection between the higher education, which it was the object of the institution to promote, and the great ends of civil administration. "No Government," said the orator, "can prosperously endure, which, in the main, is not administered by the higher intellect, and the higher moral sentiments of the people. It requires ability, as well as honesty, to govern a great nation wisely, . . but we often elect legislators to make laws who know scarce anything, and about laws and their operation nothing." When the corner stones of the new society were laid in the new world, there was a great contest foreshadowed. As Judge PIERREPONT tersely puts it, "our theory is, that the most ignorant must govern if they are the most numerous." The arbitrary principle of government was wholly discarded. The people were to do everything. "The founders of the Republic were wise in their generation, but of the great future not much was revealed." They had no conception of the vastness of the work on which they entered. They were totally in the dark as to the mighty task to which they committed their posterity. If the curtain could have been drawn aside which concealed from their view the advanced scenes of the struggle they begun, it may well be questioned whether they would have ever ventured out on the stormy sea before them. The eloquent orator then displays the task of the present day:

"With every climate, with every soil, with every mineral and every tree which the needs of man can wish; with colleges, newspapers, free schools, free suffrage, free speech; with slavery abolished, energy, enterprise, activity unparalleled, and intellect sharpened beyond any experience of the past, can we fail to become the greatest nation upon which the sun ever shone? Yes;

and fail we shall, unless a change comes over the spirit of this people, and sturdy honesty drives out imbecility and corruption. Moral forces, as well as physical advantages, must be considered in calculating the future of a nation."

It appears to be the opinion of Judge PIERREPONT, that to meet the extraordinary emergencies of administration now pressing upon us, to put a summary stop to the abuses which threaten our existence as a free and fortunate people, we need a man of peculiar and eminent powers of executive accomplishment. He interested his audience by an imaginary search over the past to find the man. CICERO would not do. Our people, he thinks, would turn out *en masse* once, and once only, from curiosity. They would then tell him that "he might have been a very respectable old fogy in a bygone age, but that we had no use for that sort of orator in our rapid country, and that he had better go back." "But if JULIUS CÆSAR," he continues, "should arrive in the next steamer, we should hail him as a native, or at least as a naturalized American, who had landed in the very nick of time, when the Republic wanted just that kind of man; we should send him immediately to Congress, and I dare say, talk of him for President before long, notwithstanding the Constitution."

"What was there," asks the Judge, in a more serious vein, "about this Roman which should enable him to step down nineteen hundred years, and find himself at home in our midst? He had some flagrant vices, but meanness and vacillation, treachery and cowardice, had no dwelling in his soul. . . . With perceptions intuitive and quick as the electric flash . . . in the forum eloquent and condensed, going right to the marrow of the thing, using words only to enforce ideas; always forgiving and liberal to excess, and when he came to the helm of the State, showing a grasp of mind, a grandeur of ideas and a greatness of soul which won the hearts of the people.

The following extract shows the dangers which, in the opinion of the orator, are suspended over us:

"Whether the government of the States shall become absorbed by the central power, will depend entirely on the virtue and intelligence of the States. A people advanced in civilization and loving property as we do, will have a government which will protect them in the enjoyment of their property. . . . . If through ignorance or corruption, their governments fail to protect the citizen in his rights, State governments will perish and surrender to the central power. It is all idle to talk of Cæsarism in this country, and the cry awakens no alarm. Cæsarism is only possible when the people seek it, as their last desperate defense against corrupt and despoiling rulers! A usurper of the supreme authority against the omnipotent power of public opinion would perish in a night."

That there are dangers in the direction pointed out by Judge PIERREPONT, no diligent reader of history will deny. Our national vanity and overweening conceit are such that it has become with us *a national dogma*, that we are a chosen people, under the peculiar care of the Almighty, and exempt from the operation of laws which govern all the world beside. We have taken many steps of late years, and advanced rapidly towards those moral

conditions of society which prepare the way for every kind of disorder and civil anarchy. Our greatest perils threaten, as in many examples on the page of history, from the derangement of the national finances. It is apparently for the express purpose of rousing the public to a sense of these dangers that the eloquent lecturer traced the causes of decay in other States. In the following paragraph, he establishes the connection between our vicious system of paper money, and the many phases of demoralization which are ever increasing in breadth and intensity.

"During the early years of WASHINGTON'S administration, the entire ordinary expenses of the Federal Government were but $ 1,877,000, while the taxes of the City of New York alone are $ 39,218,945, and the cost of the Federal Government for the fiscal year just ended, as partly estimated, is $ 319,198,786. A little arithmetic will show that our expenses have increased in far greater ratio than our population and resources—an ugly fact, so ugly that no one seems willing to look it in the face. Extravagance is the curse of our day. It came of the issue of irredeemable paper money to carry on the war, and when the war was ended, luxury had produced an intoxication too dreamy to be voluntarily abandoned. Our duty was plain, and to any one worthy to be called a statesman, our interest was as plain as our duty. We should have turned all our energies to keep our faith, to redeem our promises, to stop our luxuries, and end the sham which has corrupted the nation. Like cowards, we have shut our eyes to the truth, and revelled in delusions until we can deceive ourselves no longer. . . . . A Government which gets money from its citizens on a promise which it never tries to keep, does not differ in the least from the King who took his subjects' money without the pretence that he ever meant to pay. When a Government cheats its citizens, its citizens will cheat each other! The hardest strain which free Government has ever had is close at hand. The next Presidential election is the turning point. It begins a new century in our history, the public mind will be awake, and that will be an eventful day. It will settle the question whether our Government will keep its faith, and turn its determined face towards justice, economy and truth, and thus begin with the new century a new career of prosperity and grandeur and riches, such as the world has not seen, or whether it will imitate England in her corruptest times, and take the curse which afflicted her so long. When the conflict comes, may every lawyer and every man whom this great college educates stand for the public faith, for the honor and the glory of his country, with his face to the enemy, and his trust in Heaven."

DISTRICT OF COLUMBIA.—The bonded debt of the District of Columbia amounts to about $ 10,000,000. The District Government issued certificates of indebtedness, bearing interest, and known as street-assessment and sewer assessment certificates. These together amount to $ 4,140,000; they are fundable under the act of Congress authorizing the new 3.65 bonds. There is a floating debt, also to be funded at the creditors' option, amounting to about $ 7,500,000, including the sewer certificates. The total debt, therefore, is very large, but provision has now been made for all of it.

POSTAGE STAMPS.—The number of ordinary postage stamps issued during the year ending June 30, was 632,733,420, valued at $ 23,827,000. In addition, there were issued to the several Executive Departments of the Government more than 32,000,000 of official stamps, exclusive of postal cards and stamped envelopes. The total value of adhesive stamps issued during the year was more than $ 25,000,000. The total number of stamps issued for the year ending June 30, 1873, was 601,931,520.

LOST BANK NOTES:

SHOULD THE BANKS HAVE THE BENEFIT OF THEM?

Experience demonstrates a curious uniformity controlling the small percentage of bank notes which may be expected to be lost or destroyed, by fire or by accident in the ordinary course of business. In the House of Representatives the question has been recently discussed, whether under the statutes of the United States the benefit of such lost notes belongs to the National banks which issue them. Mr. Orth in his speech on the subject answered in the affirmative; while Mr. Maynard, of Tennessee, affirmed the contrary, and argued that the benefit belongs not to the banks but to the Government. The truth is that neither of these views is quite accurate.

After the Chicago fire this point was thoroughly investigated in the Comptroller's Bureau at Washington. No official report was published, but we are told the facts were these: Certain banks produced undoubted proof that specific amounts of notes of theirs had been destroyed in that disaster, and applied for new notes in place of those consumed. As no precedent could be found in its support, the application was refused on the ground of want of authority, and because the law did not give to the issuing banks the exclusive right to their lost notes. Some years prior to this decision a clique of lobbyists made a proposition to get Congress to pass a law giving to the banks the right in question, so far at least that in such a case as that arising out of the Chicago fire the bonds representing the consumed notes might be reclaimed by the issuing banks and taken out of the Treasury. This law was not brought forward for the sufficient reason, if we may believe the Washington reports of the day, that the National banks would not consent to raise the large sum which was claimed as "expenses" by the enterprising projectors of the scheme. The questions we are discussing could not be raised in any other banking system than our own. The BANK OF FRANCE and the BANK OF BELGIUM though government institutions are the undoubted owners of all the benefit arising from their lost notes. The BANK OF HAMBURG does not issue any circulation. The BANK OF ENGLAND has always enjoyed the undisputed ownership of its lost notes. So have all the country banks which issue notes in Great Britain. Had the question arisen when our National currency act was framed, a provision would undoubtedly have been introduced into the act giving the ownership on certain conditions to the banks. Hereafter when the question is finally set at rest by legislation, Congress might undoubtedly be expected to give the benefit to the banks but for two or three

objections. In the first place, the National bank notes are a qualified legal tender. They were made so by the 23d section of the currency act of 1864, which enacted as follows:

SEC. 23. *And be it further enacted*, That after any such association shall have caused its promise to pay such notes on demand to be signed by the president or vice-president and cashier thereof, in such manner as to make them obligatory promissory notes, payable on demand, at its place of business, such association is hereby authorized to issue and circulate the same as money; and the same shall be received at par in all parts of the United States, in payment of taxes, excises, public lands, and all other dues to the United States, except for duties on imports; and also for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations within the United States, except interest on the public debt, *and in redemption of the National currency*.

This provision was copied from the National banking law of 1863, except the last clause, which we put in italics. The effect of this section is to make the bank note a legal tender in these respects. First, every National bank throughout the country is compelled to accept the notes of all other National banks in payment of debts due to it by any bank or private citizen. Secondly, the Government has to accept bank notes in payment of any currency debt to the Treasury. Thirdly, every private citizen to whom the Government owes money is compelled to take bank notes in payment. No exception is made to these legal-tender privileges of the bank notes unless the debts in question are specifically payable in coin by law.

The law of 24 June, 1874, adds a further improvement in the status of National bank notes, inasmuch as the fourth section of that statute makes such notes redeemable on demand in greenbacks at the Treasury. Hence the banks have claimed that if they have the right to remit National bank notes to the Treasury for redemption, they can use these notes to make good their five per cent. reserves. This claim has been accorded by Mr. Treasurer Spinner, so far at least that the banks must make their first deposits of reserve in greenbacks. After their first payments have been made in greenbacks, subsequent deposits to keep good the reserve, are, for the present, permitted to be made in National bank notes.

Such are the legal-tender functions of the bank notes as defined by the statutes of the United States. And it is easy to see that such notes differ in several important respects from the notes issued under the old State banking laws. The notes of that banking system were not legal tender, and undoubtedly belonged, if lost, to the bank which issued them. In consideration of the credit given to the National bank notes by the above enactment, it is argued that such notes have a forced circulation just as the greenbacks, and like them should belong, when lost, to the Government. In these times there are a number of men both in and out of Congress who are very willing to make political capital by attacking and curtailing the privileges of "rich corporations," as they affect to designate the National banks.

Secondly, the question assumes a tangible shape because of the arrangement that a National bank for every $90 circulation must deposit, as security, $100 in bonds. These bonds are held in trust by the United States Government, and there are but two ways by which they can at present be got out of the Treasury. The first is by returning the currency and reclaiming the bonds; the second way is by depositing greenbacks or bonds to the amount of the outstanding currency. The arrangements for this purpose are controlled by sections 22 and 42 of the bank law of 1864, which enacts that the Comptroller, upon the terms prescribed by the Secretary of the Treasury, may permit the return to be made of any of the bonds deposited with the Treasurer by any bank, in exchange for the other bonds authorized by the act, or for greenbacks equal in value to the currency or for circulating notes to be inmediately cancelled and withdrawn.

An esteemed correspondent sends us the subjoined article from the Chicago *Inter-Ocean*, which discusses, very intelligently, from the stand-point of the banks, this question of the ultimate ownership of lost bank notes.

Suppose a National bank has deposited as security for $90,000 in circulating notes $100,000 in bonds. It concludes to retire its notes, and does so to the extent of $85,000; the balance of $5,000 being lost or destroyed, or at least not presented for redemption, cannot be returned to the Treasury. But as the Treasury can only return to the bank bonds in proportion to the amount of notes surrendered, it must continue to hold an amount of bonds equal to the proportion $5,000 in notes bear to the whole amount of notes originally issued. Meantime the bank would continue to receive interest on the balance of its bonds still remaining in the custody of the Treasury. Suppose the bonds mature. They must be paid; but to whom? The bank cannot collect, because it has lost possession of them. They are pledged with the Treasury as security for circulating notes not yet presented for payment. The money must, therefore, take the place of the bonds as a redemption fund. It follows: 1. That the bank reaps a present benefit on account of its destroyed notes to the amount of the accruing interest on the bonds pledged for the redemption of notes, which, being lost, can never be presented for payment. 2. That the bank has a just claim upon the Government for the necessary legislation to enable the Treasury Department to call, by proper advertisement, for the presentation of all notes of the bank by a given time, after which the pledged bonds (or money, if they shall have been paid) shall be surrendered to the bank. The bank is, doubtless, equitably entitled to whatever gain may accrue by reason of the loss or destruction of its notes; for they are its promises to pay, secured by its property—National bonds—for which it gave value. The Government has no title to the bonds or to the money, if they have been paid. It is a mere trustee for the holders of the notes, and when it becomes apparent, by lapse of time and by failure of reasonable efforts to find the holders, that there is no person to claim the benefits of the trust, the trust fund equitably reverts to the bank which created it. Under a similar state of facts the bank could ask, and would be entitled to receive from a court a return of the fund, and it has the same right to appeal to Congress for relief.

That our contemporary is right in saying that the bank has a claim on the trust fund there is no doubt. But he overlooks certain other valid claims upon the same fund. If the issuing bank has parted with its notes for value, the holder of the notes is the true owner, and he has a valid claim on the trust fund.

His case has a close analogy to that of a depositor who cannot be found, but whose money is in the custody* of the Government, the credit of the State having also aided in attracting the deposit. When the ownership of lost notes comes up for legislation there will thus be two claims on the part of the Government set up antagonistic to the claim of the bank. First, the Government will claim to hold the whole fund in question as custodian in trust for an owner who cannot be found; and secondly, the Government will claim against the bank on the ground that the bank could only claim in equity a joint interest in the bonds with the lost owner of the notes. On a final accounting the settlement might be adjusted by requiring the banks to deposit greenbacks in the Treasury to the value of its outstanding lost circulation, and allowing it on this condition to withdraw its bonds. This arrangement would settle the difficulty under the 42d section of the law of 1864 without any new legislation whatever. Till some new adjustment is made the banks will continue to draw interest on the bonds held in trust for their lost circulation; but they will not be able to withdraw the bonds from the Treasury without the deposit of greenbacks.

Too much stress has been laid on the statement that the National banks earn exorbitant profits, and can well afford to give up all claim to their lost notes. So far as this somewhat irrelevant argument may be allowed any force, it will certainly tell in favor of the banks. None of our readers who hold bank stock, or who have been accustomed to watch intelligently the working of our National banking system need to be told that capital invested in a National bank brings, on the average, a smaller return than if put into ordinary commercial enterprises. Last year, throughout the United States, the semi-annual dividends of the National banks were less than 5¼ per cent. on the par value of the bank shares. These dividends, if estimated on the capital and surplus, averaged no more than 4.15 per cent. Nor was last year exceptional. The records of previous years coincide almost exactly. It is true that these dividends do not represent all the realized profits, of which a part is, of course, added to the surplus every year. But if we take the whole of the earnings on capital and surplus we find their semi-annual ratio less than 5½ per cent. for a series of years past. This fact we illustrate by the subjoined table:

* In California this claim on the part of the State Treasury to become the custodian of deposits in the circumstances referred to is provided for by an important amendment made by the last Legislature to section 437 of the Political Code. The object of it is to compel individuals, banks and other corporations holding money or other valuable securities belonging to persons who have died or left the State, to transfer the same into the State Treasury; or, in other words, to carry out the principle that property thus deposited finally goes into the custody of the State which holds the share of the property in trust and not to the custodian thereof. It has been stated that certain individuals and institutions hold considerable sums of money for which no application has been made for years. The San Francisco *Bulletin* says, that in the accounts of a well-known bank in that city it was found that ten per cent. of the deposits were of this character, and it is supposed that a similar state of affairs exists in other cases. Our contemporary adds, that all supposed holders of escheated property are to be notified to comply promptly with the provisions of the Constitution as now amended.

Net Earnings of National Banks on Capital and Surplus, 1869–73.

	1869. Sept. Per ct.	1870. Mar. Per ct.	1870. Sept. Per ct.	1871. Mar. Per ct.	1871. Sept. Per ct.	1872. Mar. Per ct.	1872. Sept. Per ct.	1873. Mar. Per ct.	1873. Sept. Per ct.
Maine	6.08	6.	5.80	5.72	6.03	5.24	5.61	5.78	5.69
New Hampshire	6.06	6.16	5.73	5.33	4.59	4.77	4.86	5.38	2.72
Vermont	6.03	6.06	5.60	5.30	4.79	4.94	5.33	5.81	5.31
Massachusetts	6.35	6.36	5.34	5.48	5.21	5.02	5.48	7.12	5.60
Boston	5.73	5.13	5.16	4.90	4.63	4.64	4.53	4.49	4.84
Rhode Island	5.62	5.71	5.03	4.82	4.71	4.62	5.28	5.40	5.31
Connecticut	5.53	5.84	5.25	5.30	5.20	5.11	5.46	5.32	5.25
New York State	5.83	5.43	5.04	5.05	4.47	4.54	5.14	5.14	5.03
New York City	5.44	4.81	4.23	4.41	4.48	4.03	4.84	4.27	5.09
Albany	6.08	5.74	4.13	3.67	3.61	5.62	5.22	5.70	4.70
New Jersey	6.30	6.13	5.88	5.83	5.88	5.64	5.41	5.41	5.06
Pennsylvania	6.07	6.27	5.35	4.78	5.17	5.24	5.05	5.27	5.47
Philadelphia	5.29	5.10	4.67	4.39	4.41	4.59	4.59	4.63	4.70
Pittsburgh	5.80	5.17	5.13	4.97	4.84	4.86	4.99	4.42	5.51
Delaware	5.40	4.78	5.30	4.50	4.63	4.40	4.86	4.91	4.70
Maryland	6.43	6.46	5.87	5.30	4.83	4.54	5.50	4.93	5.65
Baltimore	5.92	6.41	5.80	5.27	4.90	5.40	5.56	4.30	5.
Dist. of Columbia	—	—	—	—	—	—	4.85	5.81	5.92
Washington	4.78	5.18	4.35	5.22	7.64	3.04	5.26	6.16	6.36
Virginia	6.45	6.82	6.39	6.81	6.62	5.30	5.97	6.91	6.41
West Virginia	6.47	5.86	5.66	5.33	3.52	5.76	5.91	5.44	5.16
North Carolina	10.04	8.93	5.46	5.91	6.17	7.27	3.72	6.53	6.69
South Carolina	7.76	9.82	8.75	7.47	5.93	6.72	6.46	6.08	5.62
Georgia	7.59	7.91	8.20	6.70	5.83	5.95	6.70	6.64	7.88
Alabama	—	1.69	—	11.35	5.70	4.34	9.39	5.23	8.61
New Orleans	7.14	7.05	8.61	7.48	3.27	6.31	6.93	6.32	4.24
Texas	6.41	6.87	16.49	6.81	6.42	9.11	12.11	10.75	11.16
Arkansas	—	—	—	—	—	—	0.27	4.34	2.89
Kentucky	6.58	6.86	6.93	6.11	5.41	4.80	5.67	5.82	5.74
Louisville	5.27	6.56	4.38	4.53	5.69	5.52	5.22	5.84	5.34
Tennessee	8.17	9.50	7.15	8.34	7.14	7.79	5.79	6.49	6.45
Ohio	6.78	6.43	5.46	6.03	5.87	6.12	6.	5.94	5.68
Cincinnati	7.91	6.30	4.80	6.67	4.39	4.84	5.35	5.80	6.01
Cleveland	5.	6.85	3.88	3.08	4.	5.70	5.27	6.65	5.52
Indiana	6.50	6.42	5.94	6.30	5.43	5.40	5.25	4.67	5.88
Illinois	7.98	7.90	6.70	6.77	6.65	6.07	6.50	6.74	6.66
Chicago	8.25	5.64	5.33	7.46	6.90	—	6.79	8.35	7.96
Michigan	8.	7.88	6.89	7.06	6.26	6.57	7.15	6.65	6.73
Detroit	6.27	6.80	5.85	6.09	6.58	6.90	6.66	6.25	6.81
Wisconsin	7.75	8.13	6.91	9.01	5.27	6.67	5.49	6.83	6.76
Milwaukee	7.81	3.97	5.39	6.65	6.28	4.89	13.04	6.32	7.43
Iowa	8.96	7.80	5.66	6.31	5.53	5.90	11.80	6.43	6.19
Minnesota	7.68	8.	6.15	8.53	7.15	7.08	7.28	7.67	6.16
Missouri	8.58	9.73	9.39	8.62	6.96	7.98	10.16	8.61	8.95
St. Louis	5.43	4.71	3.36	2.87	4.38	4.08	4.03	3.87	4.52
Kansas	7.82	9.08	8.08	10.85	10.18	9.03	6.86	8.49	8.01
Leavenworth	11.57	8.06	18.50	7.44	6.76	6.74	—	—	—
Nebraska	11.47	7.79	5.89	12.74	3.64	6.48	7.54	10.67	8.47
Oregon	14.42	9.80	13.90	7.67	11.93	15.19	20.91	17.45	13.39
California	—	—	—	—	—	—	—	7.75	4.82
San Francisco	—	—	—	—	2.11	5.67	5.50	9.92	6.75
New Mexico	—	—	—	—	4.99	7.73	9.55	8.68	7.78
Colorado	—	8.30	1.47	0.09	2.80	6.39	4.66	14.47	11.14
Utah	—	—	1.42	1.44	5.55	47.82	1.54	2.17	10.72
Idaho	11.54	16.03	13.92	16.45	13.91	15.21	23.62	16.81	9.53
Montana	—	—	—	2.78	18.92	16.74	7.56	13.51	11.74
Nevada	3.47	—	—	—	—	—	—	—	—
Dacotah	—	—	—	—	—	—	—	—	2.02
Average earnings	6.04	5.77	5.19	5.21	5.02	5.	5.36	5.41	5.46

THE RELATION OF BANKS TO SPECULATORS.

BY ALBERT S. BOLLES.

Speculation in wealth is not the production of wealth. Because that which I have bought has risen in price since its purchase, it does not follow that the nation is any richer thereby. The property, be it shares of stock or bushels of wheat, existed in its present state before it was bought. I have produced nothing, nor have I done any labor to enhance its value. He who adds his labor to a value already existing is in so much a producer. But the speculator adds nothing, save tricks and arts which are worse than valueless, being contrary to sound principles of political economy as well as of morality. Speculation is, therefore, to be condemned, because non-productive.

Adding nothing to the wealth of society, the speculator is the foe both of the poor and of the rich. The capital of the world is limited, and its aggregate is needed for the transactions of commerce, the promotion of manufactures, the development of agriculture, and for the extension of the highways of transportation, and of the manifold facilities demanded by the progress of our day. Diverted from its legitimate use by the requirements of the speculator, the enhanced cost of capital arising from this demand must be added to the prices of all goods and commodities, and this cost falls upon the rich and the poor alike.

But the loss thus inflicted forms only a small part of the evil effects of speculation. The disturbance of values is another and a heavy one. Fluctuation and uncertainty increase the risks of the merchant, and these also must be provided for by a larger margin of profits. Furthermore, the uncertainties of business add to its labors and cares that vexation of spirit which is the most harassing of them all. The speculator, instead of being a honey-producing bee, is but an idle drone or a stinging wasp.

Yet still deeper goes the evil of speculation in its cankerous effect upon the moral health of a people. The spirit of gambling and the haste to be rich, spreading as a contagion, are fatal to those habits of honesty, diligence and economy, which form the basis of all true prosperity. The feverish unrest, the extravagance of living and the emulation of display prevalent in our day, show their natural results in defalcations, suicides and wretchedness, and bode ill indeed for the future of the nation when they are so rife.

We believe the rule of pure morality requires that only a reasonable profit be sought upon any kind of product. What such a profit is depends upon circumstances. If a business involves a

tremendous risk, a reasonable charge is greater than in a business unaccompanied with risk. Thus the fruit-dealer is justified in charging more for his fruit which is perishable, than a wheat-dealer for wheat which will keep. When the Atlantic cable was laid and put in successful working, the company was justified in charging more on account of the greater risk, and to get back the money sunk in previous unsuccessful attempts. But advantages are not to be taken of the scarcity of the market to force up prices, much less to make the market scarce by buying all the goods of a particular kind that are likely to be in demand. When prices are sought to be influenced by any unfair means, there is no excuse for loaning money to help on the movement. Every one knows that railroad stocks are worth, generally speaking, quite as much one day as another; yet their prices are always fluctuating, and a great many buy, hoping to gain by these changes. They are caused, generally, by unfair means, by the meanest stories and canards. It is an immoral business to purchase stocks for speculative purposes, or to loan money to those who wish to do so. Banks have no right to help speculators of any kind.

It may be asked, what business has a bank to inquire of its customer what he proposes to do with his loan? It is sometimes the duty of a bank to make such inquiry. Should a banker suspect that an applicant wanted a loan of a thousand dollars in ten one-hundred-dollar bills for the purpose of counterfeiting them, he would not have the right to make, nor would he make such a loan. Neither is it right for a bank to make a loan which is to be used in payment for real estate.

Formerly, it was the custom of banks to assist only those who were engaged in productive occupations—merchants, manufacturers, and the like. We admit this custom has been thrown away and another adopted, namely, that he who pays best shall be first accommodated, without considering or caring to what use the money shall be applied. Instead of telling the borrower that he must engage in some productive business if he wishes to have assistance from the bank, the only thing apparently thought of is the rate of interest and the security. If the most unprincipled speculator in Wall Street pays a good rate of interest, and furnishes good security, the bank makes no further inquiry.

Banking capital is designed to aid men in business, to facilitate exchanges, in paying for labor, goods, and the like, and not in erecting buildings, paying for real estate, or helping speculators. Fixed capital should come from individuals and savings institutions, not from banks of discount; hence, every application to a bank of discount for a loan for either of these latter purposes should be at once declined.

Besides, a National bank has no right, according to law, to do this. It is wrong not only in an economic and moral point of view, but it is contrary to the spirit and intent of the National

bank act, under which most of our banks live and do business. A government official* has rightly said that "a charter to carry on the business of banking does not give power to buy or sell real estate, to ship goods to a foreign port, *or to engage in or promote any speculative* operation."

It cannot be denied that our banks, especially in the larger cities, assist speculators to an enormous extent.† Thus we find in the United States Comptroller's report for 1868, that "the bank statements of New York, taken separately," show the loans of the banks in that State to have been substantially as follows:

Commercial or business paper..........	$90,000,000
Demand loans.........................	68,500,000
Accommodation loans................	3,500,000
Suspended loans.........	1,500,000
Total	$163,500,000

Nine-sixteenths of these loans are legitimate business paper; "the amount loaned on call for commercial purposes is not stated, but reliable information leads to the belief that it is very small." Merchants cannot use to advantage money payable on call, as the goods which they buy with it cannot be instantly converted into cash. But stock and gold speculators can almost always realize on these forms of property very quickly, so that they are able to use money payable on call with profit. Hence the United States Comptroller has drawn the inference, "that nearly one-half of the available resources of the National banks in the City of New York are used in the operations of the stock and gold exchange."

"In addition to this direct loan of $70,000,000, they furnish facilities by means of certified checks to the same class of operators, ranging from $110,000,000 to $120,000,000 daily (on the 5th of October the amount was $112,800,000). Taking the call loans and the certified checks together, the somewhat startling fact is developed, that the New York National banks furnish $70,000,000 of capital and $112,000,000 of credit for speculation, or one hundred and eighty-two million of dollars." We have no later returns from which we can correctly ascertain the amount loaned by the banks to the speculators, so we must content ourselves with these. But we have no reason to suppose that the banks have been less indulgent to the speculators since this report was made.

The loaning of bank funds to speculators is not an evil of recent date.

Perhaps the most noted example of reckless loaning in this country was by the SECOND UNITED STATES BANK chartered by

* United States Comptroller of the Currency, report of 1869.

† The only notable refusal of banks to loan speculators is that of the Western banks to the grain speculators in the summer of 1870.—*The Nation*, vol. 10, p. 416.

Congress in 1816. Its capital was $ 35,000,000. The operations of the bank having become very corrupt, in 1841 a committee was appointed by Congress to examine into its affairs. And what did they find? On the 21st of December, 1840, loans were made to several incorporated companies amounting to $ 1,211,163, including one of $ 502,222 to the Wilmington Railroad. Discounts to the amount of $ 740,056 had been made with at least six months to run; and the balance was loaned payable in one year. Nine companies had discounts of over $ 100,000 each. A great deal of suspended indebtedness was discovered. Fifty-two individual firms and companies were severally charged with more than $ 20,000; twenty-nine had debts exceeding $ 50,000 each, and nine having each a debt of $ 100,000. Six concerns were charged with $ 2,314,000. One firm in Philadelphia, between August, 1835, and November, 1837, received accommodation to the extent of $ 4,213,878, more than half of which was obtained in the year 1837. Mr. SAMUEL JAUDON, when he resigned as cashier of the bank, upon being appointed as its foreign agent, was a debtor to the extent of $ 408,389, and the ingenious reason given by the directors for giving him an enormous salary as cashier, was on account of his heavy indebtedness to the bank. A former cashier was charged with $ 104,000. At the same time, the first assistant cashier was indebted to the bank in the sum of $ 115,000, which was finally increased to $ 326,382. He then graduated as assistant and was made cashier of the institution. If any one would like to know what the two last-named officers did with their funds, it may be answered that they invested them in the Camden and Woodbury, Wilmington, and Grand Gulf Railroads, and in the Dauphin and Lycoming coal lands. When the stocks of these various companies were given up as worthless, they were transferred to the bank in satisfaction of the indebtedness of their holders. In 1836 the amount loaned upon the pledge of "fancy stocks" was nearly $ 20,400,000. The same year an advance was made to A. G. JAUDON to enable him to purchase cotton which was remitted to BARING, BROTHERS & Co., of Liverpool. "The derangement of the currency," said Mr. BIDDLE, when explaining the effect of this purchase to Mr. ADAMS, "placed the staples of the South entirely at the mercy of the foreign purchaser, who could have dictated the terms of sale to the prostrated planter. It was thought proper to avert the evil by employing a large portion of the capital of the bank in making advances on southern produce."

Why have banks assisted speculators so much? First.—As deposits are generally made payable on call, banks have believed it to be a wise policy to loan large portions in this manner; for, if they are asked to pay heavy sums, they can easily be obtained. If loans were made to brokers with stocks and gold as collateral, the loans were safe, and they could be repaid at a moment's notice. The banks never dreamed that if a great many

wanted to realize quickly, no one could; and, consequently, that such loans were not more likely to be paid than others.

Secondly.—By making call loans, a greater portion of deposits can be loaned. The banks do not dare to loan all their funds upon time, because these institutions are liable to heavy demands at any moment. In making call loans, however, they can discount more heavily as they can call in such loans whenever they desire. By this policy dividends are increased.

Thirdly.—Speculators have offered higher rates for money. It is humiliating to us as a nation, that speculators have for years been able to outbid legitimate and healthy business for money. Yet, having offered rates of interest which merchants could not afford to pay, speculators have been accommodated and merchants left without help.

Fourthly.—Another reason impelling banks to make call loans was that, as they had encouraged deposits by offering interest at three to five per cent. on them, it became necessary to loan these deposits to avoid loss. The only chance to make anything was to loan immediately and at higher rates than those paid to depositors. They had, it is true, the precedent of banks abroad for offering interest on deposits, though few of them offer so much as do our own. The banks have thus diverted a large portion of their resources to speculative purposes.* Not all the banks have been guilty of this. The offenders are principally in New York City, and even there many honorable exceptions may be found.

We have given some of the reasons for condemning speculation. We have seen that banks greatly assist speculators by loaning them funds to carry on their operations. The question arises, how can banks be prevented from rendering this assistance?

Prohibit, by law, the payment of interest on deposits. The custom of paying interest on deposits has found many defenders and opponents. It unquestionably tends to increase deposits, but the evils arising from the improper use of them, if interest be paid, far outweighs the benefits of resorting to this method of encouraging an increase. This remark has no application to the payment of interest upon special deposits—that is, those made for a specified time, but only to those made daily and in the usual course of business. To pay interest on these—especially to pay high rates—we believe to be contrary to sound banking. After the terrible crisis of 1857, the Clearing-House Association of the New York City banks appointed a committee to investigate into this subject. At that time all except six out of forty-six banks composing the association united in an agreement not to pay interest on deposits. This fact was stated by the committee in their report. The subject was considered by them with marked ability, and the conclusions at which they arrived were summed

* It is a thing of common occurrence for merchants, manufacturers, and others who denounce the action of banks in loaning to speculators, to loan their own deposits to such banks, in order to get interest upon them. Thus their greed for gain leads men to feed the speculators whom they denounce.

up near the close of their report. The practice of paying interest upon deposits they declared was

1. Inherently unsound.

2. That it tends to weaken the legitimate commerce of the country, and to disturb the regularity of the business of the city.

3. That no bank can safely and profitably practice it.

4. That it tends to interfere with the efficiency and stability of our banks, and with the harmony of their intercourse with each other.

5. That its discontinuance will not divert any substantial deposits from this city.

6. That the reasons for its discontinuance are daily increasing.

7. That it has, under like conditions, no fair precedent in older countries.

8. That, as it exists here, it has been unjustly applied.

After sixteen years more of experience in banking, the same Clearing-House Association appointed another committee to consider "What reforms are required in the operations of banks with each other and the public to increase the security of their business; and, first and most prominent, they recommend that the banks entirely discontinue the payment of interest upon deposits, whether directly or indirectly."

With this accumulated experience before us, the National Government ought not to hesitate in enacting a law forbidding the payment of interest upon deposits. The fact that a different custom prevails abroad is of no force here, because our monetary system is so unlike any other. Besides, the BANK OF ENGLAND, the largest in the world, has never paid interest on deposits. Let such a law be passed and banking will become a sounder business, while the country at large will be greatly benefited by the severe checks which speculation must receive.

FRAUDULENT NATIONAL BANK NOTES.—A number of altered, stolen and clipped notes have already been found among those sent for redemption to the Treasury Department under the new law. Among them were some of those stolen three years since from the Osage National Bank, at Osage, Iowa, which was entered and its vaults robbed of two hundred and fifty sheets of unsigned five-dollar notes of that bank, representing five thousand dollars. To those received, the signature of the President and Cashier of the bank had been forged. The Government is not responsible for these notes, and they were rejected. Large numbers of notes have also been received which had been "striped," by cutting five notes in different places, and pasting the pieces together so that six notes were produced, each being snaller than the genuine.

SOME MINOR QUESTIONS.

By Eugene R. Leland.

In the absence of fuller means of information men are judged by unconsidered trifles. Trifles to which they perhaps have never given a thought, but upon which, when betraying ignorance or carelessness, unfavorable prejudices are often grounded. For this reason, if for no other, correct habits cannot be too carefully cultivated, even in the minor details of business. Particularly is this the case in banking, which is so largely a business of detail, and in which exact methods are of much importance.

To a large part of the readers of this Magazine the remarks which follow would, if addressed to them, be superfluous if not impertinent, and such may think that encroachment is made upon ground which properly belongs to common-place books on Manners or Complete Letter Writers; but no violation of good taste nor any continuance in faulty practices is too insignificant to be noticed, and when noticed to be avoided. Of some of these it is here purposed to speak for the benefit of those—and they are considerable in number—whose attention may, with profit, be thus directed.

First, as to

Bank Correspondence.

Promptness and precision cannot be too strongly insisted upon, but these, although not always practised, are of such acknowledged importance that it is not worth while to dwell upon them. But there are many instances of what may not improperly be called a lack of common politeness. Brevity is a good thing of itself and the necessity for it is often imperative as saving the time of both writer and reader; yet it may be carried too far.

For example, to return a writer's letter with a scrawl at the bottom, as a reply, is not courteous. When, as is often the case, the letter covered a collection with a request for transmission of proceeds to a third party (which letter should have been filed), and the scrawl is an advice that this has been done (of which a copy should have been retained), it is an evidence not of bad manners alone, but of careless and slovenly business habits that will not be without its influence upon the opinion of those who are themselves more careful. Of the same nature are certain abbreviations. Abbreviation is well enough, when discreetly used, but to write "Gents" for "Gentlemen" is a piece of vulgar cockneyism that no press of business, no desire for economy of time or of ink, will excuse.

As an error of similar nature, though in the opposite extreme, may be mentioned the indiscriminate use of the word "favor" in acknowledging the letters of correspondents. It is a use of the word which probably had its rise among European bankers and merchants, at a time when their patrons generally occupied a rank and position so far above them as to warrant any degree of obsequiousness that they were inclined to practice, but which hardly finds proper place in the present relations of equality which exist between the banker and his dealers and correspondents. It is entirely proper, nor should it be deemed discourteous, to call a letter a letter. There is, of course, a class of epistles that may rightly enough be acknowledged as favors, and it is not to such cases that objection is made. But when this indiscriminate use is sometimes carried so far as for a writer to speak of one of his own former letters as "my favor of the — inst.," it would seem to be not entirely superfluous to call attention to the fact that "favor" is *not* a synonym for "letter."

It is probably useless to say a word against the practice of tacking the title, "Esquire," to every man's name. It is a custom which has become so universal that any objection made to it would probably be regarded as the finical nicety of a purist; still it is refreshing to meet with a letter-writer, who is content to address a gentleman as plain "Mr." when he is such, or to simply use an official title when there is one. So, too, of the almost invariable "Dear Sir:" which smacks rather of familiarity than of respect.

A few words concerning

Bank Drafts.

There are few bank clerks who would not resent an intimation that they were ignorant as to the correct use of capitals, and who would not smile at a writer who should use them for his adjectives and substantives in the middle of a sentence; yet precisely this blunder is made by many of them. It has become an usage, for which it would be difficult to give any good reason, to employ a capital letter in writing the first numeral adjective of a sum of money, but this is the limit. To fill up a draft: "Pay to the Order of John Jones Five Hundred and Seventy-Five Dollars," is to make a not uncommon mistake, to which it should only be necessary to call attention to have its repetition avoided.

Involving something worse than false orthography is the practice of drawing drafts payable "one day after date without grace," which seems to be gaining ground somewhat. If there be men—and it seems there are—who are ready thus to advertise their willingness to evade laws by resorting to such shabby devices for the sake of paltry savings, there is no way to prevent them from doing so, but, as has already been said in these pages, "no respectable banker should stoop to so pitiful an evasion, and he should decline to receive such drafts unless on the special guaranty of a responsible customer. They are not safe otherwise."

Deserving of equal condemnation is the practice on the part of some Western and Southern merchants, who make their paper payable "in exchange on New York." The object sought is, of course, to deprive the collecting bank of the small compensation which the premium on the exchange affords for the trouble of collecting and remitting. It not only accomplishes this, but often subjects the bank to the unpleasant alternative of declining the proffered drafts of a neighbor or accepting them with a sense of insecurity in so doing. It is true that partly to avoid these objections the paper may be sent directly to the bank where it is made payable, and this is often done. It amounts to the maker of the paper seeking to direct where it shall be sent for collection, a sort of dictation that should not be submitted to. It is, moreover, unsafe paper, and should invariably be declined when offered for discount. Exchange is a commodity, and as the note or draft which is made payable therein is not negotiable, its receipt is attended with all the risks that pertain to non-negotiable paper.

It is probable that this reprehensible practice is sometimes countenanced, perhaps suggested, by bankers themselves, when they expect to be the party benefited thereby; but it is a sort of boomerang that will often miss the mark and come home with force enough to do mischief. Bankers, more than all others, are interested in the establishment of correct business ideas and methods, and he will best serve his own interests who does all in his power to foster them and to maintain high standards of commercial courtesy and integrity—who will take for his own the motto of Lord BACON: "I hold every man a debtor to his profession, from the which as men of course do seek to receive countenance and profit, so ought they of duty to endeavor themselves by way of amends to be a help and ornament thereunto."

Pittsburgh.—The working of the new Currency law, in its results as to the National banks of that city, is thus figured out by the Pittsburgh *Commercial* in analyzing their statements of June 26th:

There is now held in the hands of redemption agents as reserve $2,368,971; the new law requires but $1,533,863, which, with the five per cent. in hands of the Department—$328,618—gives $1,862,481. Deducting this from the amount now held by the agents of the banks we have $506,490 released from enforced idleness and put into active circulation. The two sums thus released give a total of $2,243,260 of legal tenders added to the available assets of the banks, and form a basis for loans of four times that amount, or $8,973,040. It will thus be seen that the National banks of Pittsburgh alone can increase their loans from sixteen millions to twenty-five millions of dollars if they see fit to do so.

LIENS UPON NATIONAL BANK SHARES.

A National Bank cannot acquire a Lien upon the Shares of its Stockholders.

I.—*John R. Bullard, Trustee, Plaintiff in Error*, v. *The National Eagle Bank.*

Supreme Court of the United States, October Term, 1873.

Justice Strong delivered the opinion of the court.

The first question upon which the judges of the Circuit Court divided in opinion is, "whether a National bank organized under and controlled by the act of 1864 can acquire a valid lien upon the shares of its stockholders by the articles of association, or by-laws proved in the case?" Those articles were formed on the 29th day of March, 1865, and they contain the provision that the directors of the association shall "have the power to make all by-laws that it may be proper and convenient for them to make under said act, for the general regulation of the business of the association, and the entire management and administration of its affairs; which by-laws may prohibit, if the directors so determine, the transfer of stock owned by any stockholder who may be liable to the association, either as principal debtor or otherwise, without the consent of the board." Subsequently, on the 22d of November, 1871, at a meeting of the directors, the following by-law was adopted: "In pursuance of one of the articles of association, and to carry the same into effect, and in the exercise of an authority conferred by an act, under which the bank was organized, to define and regulate the manner in which its stock may be transferred, it is hereby declared: All debts actually due and payable to the bank (days of grace for payment being passed) by a stockholder, as principal debtor or otherwise, requesting a transfer, must be satisfied before such transfer shall be made, unless the board of directors shall direct to the contrary." And on the 7th of December, 1871, this by-law was amended by adding the words, "and no person indebted to the bank shall be allowed to sell or transfer his or her stock without the consent of a majority of the directors, and this whether liable as principal or surety, and whether the debt or liability be due or not."

The extent of the powers of National banking associations is to be measured by the act of Congress under which such associations are organized. The fifth section of that act (13 Stat., 100,) enacts that the articles of association "shall specify in general terms the object for which the association is formed, and may contain any other provisions not inconsistent with the provisions of this act, which the association may see fit to adopt for the regulation of the business of the association and the conduct of its affairs." And the 8th section of the same act empowers the

board of directors "to define and regulate by by-laws, not inconsistent with the provisions of this act, the manner in which its stock shall be transferred." There are other powers conferred by the act, but unless these confer authority to make and enforce a by-law giving a lien on the stock of debtors to a banking association, very plainly it has not been given.

What, then, were the intentions of Congress respecting the powers and rights of banking associations? The act of 1864 was enacted as a substitute for a prior act enacted February 25, 1863 (12 Stat., 665), and in many particulars the provisions of the two acts are the same. But the earlier statute, in its 36th section, declared that no shareholder in any association under the act should have power to transfer or sell any share held in his own right so long as he should be liable, either as principal debtor, surety, or otherwise, to the association for any debt which had become due and remained unpaid.

This section was left out of the substituted act of 1864, and it was expressly repealed. Its repeal was a manifestation of a purpose to withhold from banking associations a lien upon the stock of their debtors. Such was the opinion of this court in Bank *v.* Lanier, 11 Wallace, 369. In that case it appeared that a bank had been organized under the act of 1863, and that it had adopted a by-law, which had not been repealed, that the stock of the bank should be assignable only on its books, subject to the provisions and restrictions of the act of Congress, among which provisions and restrictions was the one contained in the 36th section, that no shareholder should have power to sell or transfer any share so long as he should be liable to the bank for any debt due and unpaid. And when the bank was sued for refusing to permit a transfer of stock, it set up, in defense, that the stockholder was indebted to it, and that under the by-law he had no right to make the transfer. But this court said "Congress evidently intended, by leaving out of the act of 1864 the 36th section of the act of 1863, to relieve the holders of bank shares from the restrictions imposed by that section. The policy on the subject was changed, and the directors of banking associations were, in effect, notified that thereafter they must deal with their shareholders as they dealt with other people. As the restrictions fell so did that part of the by-law relating to the subject fall with them." But this could have been only because the restriction was regarded as inconsistent with the policy and spirit of the act of 1864. It cannot truly be said that the by-law was founded upon the 36th section, though it doubtless referred to that section. It was not in that the power to make by-laws was given. The 11th section was the one which authorized associations to make by-laws, not inconsistent with the provisions of the act, for the management of their property, the regulation of their affairs, and for the transfer of their stock; and that was substantially reenacted in the act of 1864. Moreover, the 62d section of the latter act, while repealing the act of 1863, enacted that the repeal should not affect any appointments made, acts done, or proceed-

ings had, or the organization, acts or proceedings of any association organized, or in the process of organization under the act aforesaid," and gave to such associations all the rights and privileges granted by the act, and subjected them to all the duties, liabilities and restrictions imposed by it. It is, therefore, manifest that it was not the repeal of the 36th section which caused the by-law to fall. It fell because it was considered a regulation inconsistent with the new currency act, the policy of which was to permit no liens in favor of a bank upon the stock of its debtors. It is impossible, therefore, to see why the decision in the case of The Bank *v.* Lanier does not require that the certified question should be answered in the negative.

An attempt was made in the argument to distinguish that case from the present by the fact that the articles of association of the EAGLE BANK contain the provision to which we have referred, namely, that the directors should have the power to make by-laws which may prohibit the transfer of stock owned by any stockholder who may be a debtor to the association, without the consent of the board, a provision which, it is said, the associates were justified in making by the 5th section of the act of 1864. The argument is that, though the act of Congress does not itself create a lien on a debtor's stock (as did the act of 1863), it does by the words of its 5th section authorize the creation of such a lien by the articles of association and by by-laws made under them. This leads to the inquiry whether the 5th section does authorize any provision in the articles of association that by-laws may be made prohibiting the transfer of stock of debtors to a bank, for if it does not the foundation of the argument is gone. Certainly there is no express grant of authority to make such a prohibition contained in that section. There is no specification of such a power. And if such a grant could be implied from the words used by Congress, the implication would be in direct opposition to the policy indicated by the repeal of the 36th section of the act of 1863, and the failure to re-enact it, as well as by the provisions of the 35th section, which prohibit loans and discounts by any bank on the security of the shares of its own capital stock, and prohibit also every bank from purchasing or holding any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith. Surely an implication is inadmissible which contradicts either the letter or spirit of the act. Surely when the statute has prohibited all express agreements for a lien in favor of a bank upon the stock of its debtors, there can be no implication of a right to create such a lien from anything contained in the 5th section. But were there no such policy manifest in the act, the words of the 5th section would bear the meaning attributed to them. The articles of association required by that section to be entered into must specify in general terms the object for which the association is formed, and may contain any other provisions, not inconsistent with the provisions of the act, which the association may see fit

to adopt *for the regulation of its business and the conduct of its affairs*. To us it seems that a by-law giving to the bank a lien upon its stock, as against indebted stockholders, ought not to be considered as a regulation of the business of the bank or a regulation for the conduct of its affairs. That Congress did not understand the section as extending to the subject of stock transfers, is very evident in view of the fact that in another part of the statute express provision was made for such transfers. The 8th section empowers the board of directors of every banking association to define and regulate by by-laws, not inconsistent with the provisions of the act, the manner in which its stock shall be transferred. This would be superfluous if the power had been previously given in the 5th section. That Congress considered it necessary to make such an enactment is convincing evidence that they thought it had not elsewhere been made. Whatever power, therefore, the directors of a bank possess to regulate transfers of its stock, they derive, not from the 5th section of the act, and not from the articles of association, but from the 8th and 12th sections by express and direct grant. It cannot, therefore, be maintained that the present case is not governed by the decision made in Bank *v.* Lanier, because the articles of association for the EAGLE BANK authorized the directors to make a by-law restricting the transfer of stock. In that case there was a by-law prohibiting the transfer as in this. Independent of the 36th section of the act of 1863, there was as much authority to make and enforce such a by-law as is given by the act of 1864. The 11th and 12th sections of the act of 1863, enacted that associations formed under it might make by-laws, not inconsistent with the laws of the United States or the provisions of the act, for the transfer of their stock, and that the stock should be transferable on the books of the association "in such manner as might be prescribed in the by-laws or articles of association." These powers, given to the associates under that act, are quite as large as those given by the act of 1864. Yet this court held that after the passage of the latter act, a by-law giving a lien upon a debtor's stock, was inconsistent with its provisions and invalid. Of course if the act destroyed an existing by-law, it must prevent the adoption of a new one to the same effect.

We hold, therefore, on the authority of Bank *v.* Lanier, that the first question certified must be answered in the negative, and consequently the same answer must be given to the other two questions.

Justice Clifford dissenting.

I dissent from the judgment and opinion of the court in this case for the reasons assigned in the opinion delivered by me in the case of Knight *et al.* *v.* Bank, decided in the Circuit Court, R. I. District, June Term, 1871, which I still believe to be correct, and consequently refer to that case as a full expression of the reasons of my dissent in the present case.

Liens upon National Bank Shares.

II.—Louisville Insurance and Banking Co., Appellees,* v. *The National Bank of Lebanon, Appellant.*

Kentucky Court of Appeals.

On the 30th of March, 1870, Charles W. Mitchell, then Cashier of The National Bank of Lebanon, Ky., negotiated with the Louisville Insurance and Banking Co. his note of that date for $ 2,500, pledging as security therefor a certificate for 25 shares of $ 100 each of the capital stock of the bank. And on April 30th, 1870, Mitchell also obtained from same company another discount of like amount, giving his note, with 25 shares additional of the stock of the National Bank of Lebanon for security as before. In each of the notes authority was given by Mitchell to sell the stock if the notes were unpaid at maturity.

In June, 1870, the bank discharged Mitchell as cashier for alleged defalcations and frauds in office.

The notes not having been paid when due, suit was brought by the Louisville Banking Co. to have the stock sold and its proceeds duly applied to payment of the notes, and for a transfer of the stock on the books of the bank to the purchaser.

In answer, the National Bank of Lebanon said that the stock had never been paid for by Mitchell; that he had no authority to issue it or transfer the same; that the bank had a lien on it for Mitchell's indebtedness to them, prior and superior to any interest in or claim to the stock which plaintiffs might have; and prayed that the certificates be delivered up to the bank.

On hearing of the case the court below adjudged and decreed the plaintiffs entitled to the relief sought; and under this decree the stock was sold and the proceeds applied accordingly.

The National Bank of Lebanon appealed from this decree and brought the case to the Court of Appeals.

The Louisville Banking Co., *appellees*, claimed, in point of fact, first: That Mitchell did own the stock; and second: that he pledged it to them to secure a *bona fide* debt. And in point of law: If he did own said stock and did thus pledge it to them, the National Bank of Lebanon had, on account of Mitchell's indebtedness to it, no lien on the stock which would rightfully cause a reversal of the judgment of the court below.

The judgment of the lower court was affirmed.

* The corporate name of this institution has since been changed to "The Louisville Banking Company."

THE NEW BANKRUPT LAW.

The most important provisions of the new Bankrupt act, approved by the President June 22d, are as follows:

No proceedings can be taken in involuntary or compulsory bankruptcy excepting by the action of at least one-fourth in number of creditors and one-third in value of claims against the debtor.

The provision of the present law is repealed, which requires that the assets of an involuntary bankrupt shall be equal to fifty per cent. of his indebtedness; the new law enacting that the payment of no proportion of the bankrupt's debts, nor the assent of any of his creditors shall be necessary to his discharge.

In voluntary bankruptcy the bankrupt may be discharged on the payment of thirty per cent. upon his liability, provided that one-fourth of his creditors in number, and they representing one-third of the amount of provable indebtedness, agree thereto.

The periods during which transactions intended to give preference are made inoperative, are changed, from four and six months under the old law, to two and three by the new. Hypothecated pledges or liens on the bankrupt's estate can only be set aside when it is shown that the party dealing with the bankrupt knew he intended to commit a fraud upon the Bankrupt law, and to go into bankruptcy. When a loan is made to a bankrupt in good faith and security taken, for the purpose of saving him from failure, the security shall not be invalidated by proceedings in bankruptcy.

The specification defining acts of bankruptcy is materially amended in regard to suspension of payments, a fraudulent suspension for any length of time, and actual suspension without resumption within forty days, being considered such. All cases of involuntary bankruptcy begun since December, 1, 1873, on the petition of creditors less than one-fourth in number and one-third in value, may, on the petition of the debtor, be dismissed. In computing the number of creditors who shall join in the petition, those whose respective debts do not exceed $250 shall not be reckoned. Proceedings may be discontinued whenever the debtor pays those secured debts which were the ground of throwing him into bankruptcy, or whenever, with the consent of the court, he and a majority of the creditors shall ask for a discontinuance.

A majority in number and three-fourths in value of the creditors, in cases now pending or adjudicated, as well as those hereafter begun, may, at a meeting called by the court, agree to accept a composition offered by the debtor, and thus agreed upon, it shall be binding upon all creditors brought in according to the provisions of the act. The court, however, may refuse to confirm such composition, for good cause.

The important reduction is made of one-half in all existing fees, commissions, charges and allowances, except necessary disbursements, until the Supreme Court shall arrange a new tariff of charges.

PUBLIC DEBT OF THE UNITED STATES.

Abstract of the Official Statements, January, 1870, to July 1, 1874.

	January 1, 1870.	*January 1, 1871.*	*January 2, 1872.*	*January 1, 1873.*	*June 1, 1874.*	*July 1, 1874.*
INTEREST PAYABLE IN COIN:						
5-per-cent. Bonds	$ 221,589,300	$ 214,567,300	$ 214,567,300	$ 214,567,300	$ 194,827,300	$ 194,827,300
New Loan of 1871, 5 per cent.	....	....	96,997,650	200,000,000	315,451,700	315,800,750
6-per-cent. of 1881..........	283,677,600	283,678,100	283,681,200	283,681,350	283,681,350	283,681,350
6 per-cent. 5-20s	1,602,672,300	1,437,099,300	1,258,610,550	1,058,402,800	930,286,550	929,943,350
	$ 2,107,939,100	$ 1,935,342,700	$ 1,853,856,700	$ 1,756,651,450	$ 1,724,246,900	$ 1,724,252,750
INTEREST IN CURRENCY:						
6-per-ct. Bonds Pacific Railr'd	$ 64,135,320	$ 64,618,832	$ 64,618,832	$ 64,623,512	$ 64,623,512	$ 64,623,512
3-per-cent. Certificates	45,545,000	43,550,000	22,025,000	2,780,000	....	....
4-per-cent. Certificates	....	678,362	678,000	678,000	678,000	678,000
Navy Pension Fund, 3 per cent.	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
	$ 123,680,320	$ 122,847,194	$ 101,321,832	$ 82,081,512	$ 79,301,512	$ 79,301,512
ON WHICH INTEREST CEASED:						
Various Bonds and Notes ...	$ 4,140,936	$ 7,315,822	$ 1,739,938	$ 4,084,220	$ 4,321,200	$ 3,216,590
BEARING NO INTEREST:						
United States Notes........	$ 356,113,098	$ 356,101,086	$ 357,592,801	$ 358,642,295	$ 382,076,777	$ 382,076,732
Fractional Currency	34,762,664	39,995,089	40,767,877	45,722,063	46,538,650	45,881,296
Gold Certificates of Deposit..	40,170,380	26,149,000	36,049,700	23,263,000	33,179,500	22,825,100
Currency do. do.....	....	....	....	25,370,000	56,050,000	58,760,000
	$ 436,046,142	$ 422,245,175	$ 434,419,378	$ 452,997,356	$ 517,844,927	$ 509,543,128
Aggregate Debt..............	$ 2,761,806,498	$ 2,487,750,892	$ 2,391,328,848	$ 2,295,814,538	$ 2,325,714,539	$ 2,316,313,980
Coin and Currency in Treasury	121,933,438	138,086,572	127,294,320	109,605,849	149,186,683	147,541,315
Debt, less coin and currency.	$ 2,549,873,060	$ 2,349,664,320	$ 2,264,034,528	$ 2,186,208,689	$ 2,176,527,856	$ 2,168,772,665

Coin in the Treasury, July 1, 1874, $ 74,205,304; Currency, $ 73,336,011; total, $ 147,541,315.

THE USURY LAWS OF THE STATES AND TERRITORIES,

WITH RECENT DECISIONS UNDER THEM.

Continued from page 61.

XVIII. LOUISIANA.

Five per cent. is the rate when there is no agreement. Conventional interest, not exceeding eight per cent. per annum, may be contracted for, and a higher rate may be collected upon a promissory note, bond, or written obligation, provided such note, &c., shall not bear more than eight per cent. interest per annum after maturity till paid.

A contract to pay a higher rate of interest than eight per cent. per annum is usurious, unless the interest agreed upon be included in a written obligation, and form a part of the amount for which the written obligation is given, and the penalty for a usurious contract is the forfeiture of the entire interest so contracted. He who pays such usurious interest can recover the amount so paid by him, if he sue for it within twelve months from the time of payment.—Walker *v.* Villavaso, 18 *La. Ann.*, 712.

The owner of any promissory note, bond, or written obligation for payment of money to order, or bearer, or transferable by assignment, shall have the right to collect the whole amount of such promissory note, bond, or written obligation, notwithstanding such note, bond, or written obligation may include a greater rate of interest or discount than eight per cent. per annum, provided such obligations shall not bear more than eight per cent. interest per annum after their maturity.—Weaver *v.* Kearny & Blois, 17 *La. Ann.*, 326.

The agreement to pay a greater interest than that allowed by law to be contracted for, makes that part of the contract null and void, and produces no legal effect between the parties contracting, and is the same as if no agreement had been entered into relative to interest.—Tarver *v.* Winn, 18 *La. Ann.*, 557.

Money paid for usurious interest cannot be recovered in a court of justice.—Spurlin *v.* Milliken, 16 *La. Ann.*, 217.

Where a certain per cent. is charged for money advanced, and conventional interest is also stipulated, the contract is tainted with usurious interest, and the principal only can be recovered.—Payne & Harrison *v.* Waterson, 16 *La. Ann.*, 239.

The holder of a note for the payment of money, according to the act approved March 20th, 1856, can only recover eight per cent. interest, notwithstanding the rate of interest agreed upon may be beyond eight per cent.—Williams *v.* Halsmith, 17 *La. Ann.*, 200.

XIX. Maine.

Parties may agree in writing upon any rate. Where there is no express agreement six per cent. is the legal rate.

XX. Maryland.

Six per cent. is the legal rate. The only penalty for usury is forfeiture of the excess over the legal rate.

Where a person lends a sum of money, the repayment of which, with interest at the rate of six per cent., is secured by a mortgage, and at the time of the loan, and in consideration of it, a portion of the money in excess of the legal rate of interest is returned to him by the borrower, the transaction is usurious.

In the case of an usurious loan secured by mortgage, the assignee of the equity of redemption may claim an abatement for the illegal interest.—Andrews *v.* Poe, 30 *Md.*, 485.

Where one purchases land subject to a mortgage, and agrees specifically to pay the mortgage debt, according to the face of the mortgage, as part of the consideration for the land, a court of equity will not interpose at his instance to prevent a sale of the premises by the mortgagee, upon the charge of the existence of usury in the mortgage debt.

If the mortgagee exacted usury, the mortgagor would have the right to sue for and recover it back, but no one would have the right to invoke such remedy for him.—Hough *v.* Horsey, 36 *Md.*, 181.

In this State a borrower may recover back, in an action for money had and received, the usurious interest he has paid.—Scott *v.* Leary, 34 *Md.*, 389.

XXI. Massachusetts.

Any rate which the parties agree to in writing is lawful. In the absence of an express agreement six per cent. is the legal rate.

Bills of exchange, drawn in New York and payable in this Commonwealth, accepted and indorsed for the accommodation of the drawer, were, at the request of the indorser, discounted in New York by the plaintiffs at a rate of interest greater than was at the time lawful by the laws of New York or of this Commonwealth. Part of the proceeds was paid to the drawer, and the rest was lent by him to the indorser. *Held*, that as by the law of New York the bills were void in the hands of the plaintiffs, they could not recover against the acceptor, even if he held property of the drawer as collateral security.—Akers *v.* Demond, 103 *Mass.*, 318.

A sold stock which he owned and lent B the proceeds, upon B's agreement to repay the sum lent, with interest, and with any advance in the market value of the stock during the time of the loan. The stock advanced in market value, and at the end of the time the parties came to a settlement, and A took B's promissory note for the amount due under the agreement. *Held*, in an action on the note, that the consideration of it was not usurious, if the original transaction was in good faith.—Snow *v.* Nye, 106 *Mass.*, 413.

If interest at a greater annual rate than six per cent., in accordance with the terms of a contract made before the repeal of the usury laws by the statutes of 1867, ch. 56, is voluntarily paid after such repeal, no action can be maintained on the Gen. Sts., ch. 53, §§ 4, 5, to recover threefold the amount paid, or the amount itself, although the St. of 1867 provides that such repeal "shall not affect any existing contract, or action pending or existing right of action."—Seavey *v.* Moors, 103 *Mass.*, 317.

XXII. Michigan.

Seven per cent. is the legal rate, but parties may contract in writing at any rate not exceeding ten per cent. Forfeiture of the excess is the penalty for usury.

Usury is a personal defense, to be made by a party to the contract. One who has purchased land subject to the payment of a mortgage upon it, cannot make this defense to the mortage.—Sellers *v.* Botsford, 11 *Michigan*, 59.

The validity of a contract made in another State, and payable there, will be determined by the law of that State.

And where such a contract is usurious, but the law of that State does not avoid it on that ground, but only affects the remedy upon it, the courts of this State can enforce the contract, but by no other remedies than those afforded by our own laws.

The provisions of the Ohio statutes which provide for the recovery or appropriation of usury paid upon a contract, form no part of the contract, but relate solely to the remedy which will be afforded by the courts of that State to the party from whom usury is taken.

Where, on a settlement of certain bills of exchange, an amount is included in a new bill given for the balance, as statutory damages for the dishonor of the bills settled, and the statute allows no such damages, the new bill is to that extent without consideration.—Collins Iron Co. *v.* Burkam, 10 *Michigan*, 283.

Where unlawful interest has been paid upon money loaned, and a new security is afterwards taken for the principal, the debtor is not entitled to have the amount of the interest so paid deducted when suit is brought on the new security.—Smith *v.* Stoddard, 10 *Michigan*, 148.

The statute which provides, that in any action brought on negotiable paper given on an usurious consideration, if the plaintiff became a *bona fide* purchaser of the paper before it was due, then, unless it appear that he had notice of the usury when he bought, he shall be entitled to recover, is to be construed as embracing suits in chancery as well as actions at law.—Coatsworth *v.* Barr, *Michigan*, 199.

But, if in the new security a sum is included for unlawful unpaid interest, the security to the extent of the unlawful interest is without consideration.—Smith *v.* Stoddard, 10 *Michigan*, 148.

On an usurious contract the plaintiff may always recover interest up to the highest legal rate not prohibited by the statute, if such are the express terms of the contracts.—Smith *v.* Stoddard, 10 *Michigan*, 148.

XXIII. Minnesota.

The rate by statute is seven per cent. Parties may agree in writing upon any rate not exceeding twelve per cent.

XXIV. Mississippi.

Parties may agree in writing upon any rate. When there is no written contract six per cent. is the rate fixed by law.

XXV. Missouri.

Six per cent. is the rate where there is no agreement in writing. By agreement in writing ten per cent. is lawful. If a higher rate is agreed upon, the plaintiff can recover the principal and ten per cent. interest. The interest, however, goes to the use of the common schools, and the defendant recovers costs.

In an action by the grantee to reform a deed of trust given to secure the payment of a note, where the defense of usury is set up and established in evidence, plaintiff must produce his note and rebate the usurious portion thereof before he can obtain the redress sought. Defendant will not be compelled to resort to an action enjoining the sale of the property under the deed in order to maintain his rights.—Corby *v.* Bean, 44 *Mo.*, 379.

Usurious Contracts.—Even where the statute makes an usurious contract void, equity will aid the borrower only upon condition of his paying what is *bona fide* and really due. (Ranson *v.* Hays, 39 *Mo.*, 445, cited and affirmed.)—Rutherford *v.* Williams, 42 *Mo.*, 18.

XXVI. Montana.

Parties may agree in writing upon any rate. In the absence of an agreement ten per cent. is the legal rate.

XXVII. Nebraska.

Ten per cent. is the legal rate, or on express contract any rate that may be agreed upon, not exceeding twelve per cent., and a judgment on the contract bears interest at the same rate as the contract, not to exceed twelve per cent. Usury forfeits all interest and costs of suit where it is proved.

XXVIII. Nevada.

Ten per cent. is the legal rate in the absence of a contract, but parties may agree in writing upon any rate. Only the original claim shall draw interest after the recovery of a judgment on such a contract.

The statute gives damages at the rate of ten per cent. per annum for the withholding of money generally. But for withholding of money which bears a higher rate of interest by contract, a corresponding damage for withholding is allowed.—McLane *v.* Abrams, 2 *Nev.*, 199.

The statute concerning interest (statutes of 1861, 100, sec. 4,) does not allow interest on money due on an open account, and a judgment allowing such interest, where there is no special agreement, is so far erroneous.—Flannery *v.* Anderson, 4 *Nev.*, 437.

Interest exceeding ten per cent. per annum cannot be recovered unless the promise to pay it be in writing.—Williams *et al.* *v.* Glasgow, 1 *Nev.*

When a note is made payable at a given day, with interest at the rate of six per cent. per month until paid, it continues to draw six per cent. interest after maturity and after judgment.—Cox *v.* Smith *et al.*, 1 *Nev.*, 161.

Our statute does not sanction compound interest. Contracts, therefore, in regard to compound interest, must stand or fall by the established rules of equity and common-law courts. It is held in this State that contracts for compound interest cannot be enforced.—Cox *v.* Smith, 1 *Nev.*, 161.

It is a settled rule in courts of equity that a contract for future compound interest will not be enforced. The rule in courts of law is not so well settled in regard to such contracts.—Cox *v.* Smith, 1 *Nev.*, 161.

XXIX. New Hampshire.

Six per cent. is the legal rate. The penalty for usury is the forfeiture, to the party aggrieved, of three times the excess agreed upon over six per cent.

Where interest annually is stipulated, payments are to be applied, first to the interest on the annual interest, then to the annual interest itself, and the remainder to the principal.—Townsend *v.* Riley, 46 *N. H.*, 300.

The parties to a contract made in one State and payable in another, may lawfully stipulate for the rate of interest allowed in either, provided it be done in good faith, and not as a cover for usury.

Therefore, where a promissory note was made payable in one State, and, after its maturity, the maker, in another State, where he had his domicile, agreed to pay the lawful rate of interest of the latter State, upon such note, it was held that such agreement was not usurious, although the rate of interest was greater than in the State where the note was originally payable, unless the arrangement was made merely as a cover for usury.

Where, upon a note payable with interest annually, payments are made of sums less than the interest due, the surplus of interest can in no case be taken to augment the principal.—Townsend *v.* Riley, 46 *N. H.*, 300.

Where illegal interest has been paid in advance upon, or is included in a note by the principal, a surety who is compelled to pay the note will be entitled to the same deduction that the principal would, in the same circumstances, on account of the usury, which would be three times the amount of the illegal interest, if the usury were pleaded, or the amount of the usury, if not pleaded.—Cole *v.* Hills, 44 *N. H.*, 227.

XXX. New Jersey.

Seven per cent. is the legal rate. If a greater rate is agreed upon, it works a forfeiture of all interest and costs of suit.

If an agent, in making a loan of money, accept from the borrower a bonus beyond the legal rate of interest, such act of the agent will not render the contract usurious if the bonus was taken without the knowledge of the principal, and was not received by him.—Muir *v.* Newark Savings Institution, 1 *C. E. Green*, 537.

The reservation of interest for money actually on hand and subject to the call of the borrower, during the time he is engaged in completing his securities, is not usurious.

The essence of the offense of usury is a corrupt agreement to contravene the law. Any contrivance to evade the statute, and to enable the lender to receive more than legal interest for his money, renders the contract a corrupt one. And the law will infer the corrupt agreement, when it appears by the face of the papers or otherwise that illegal interest was intentionally reserved, although the illegality arose from a mistaken construction of the law.—Muir *v.* Newark Savings Institution, 1 *C. E. Green*, 537.

If on a negotiation for a loan, where six per cent. was the only lawful interest, the lender requires and accepts for one-half of the loan the assignment of a mortgage on property out of the State, which carries seven per cent., this does not constitute usury.—Stelle *v.* Andrews, 4 *C. E. Green*, 409.

The payment of illegal brokerage to an agent for effecting a loan, where no part of it is received by the mortgagee, cannot taint the loan with usury.—Conover *v.* Van Mater, 3 *C. E. Green*, 481.

An agreement for the payment of seven per cent. interest (when such rate is allowed by law), made in consideration of further forbearance after the mortgage became due, is valid. Subsequent mortgagees take their securities subject to these changes in the law as to those before them.—Conover *v.* Van Mater, 3 *C. E. Green*, 481.

A new settlement of the accounts between the borrower and lender, and the cancellation of the original security, or the introduction of a new consideration in the shape of an additional loan, will not operate to give validity to any succeeding obligation which secures the usurious exaction.—Taylor *v.* Morris, 7 *C. E. Green*, 606.

Where notes on which illegal interest had been reserved are included in a settlement of what is due between the parties, and a mortgage given upon a new agreement for the amount, the usurious taint will be extinguished.—Morris *v.* Taylor, 7 *C. E. Green*, 438.

As between the parties to an usurious instrument, or as against a subsequent holder with knowledge of the defect, the original taint of usury attaches to all substituted obligations or securities, however remote, unless the transaction be purged of the original vice by expunging the usurious element.—Taylor *v.* Morris, 7 *C. E. Green*, 606.

The act of April 12, 1864, respecting usury, does not do away with the forfeiture, though it lessens the severity of the penalty. The same strictness of proof is required since the act as before.—Morris *v.* Taylor, 7 *C. E. Green*, 438.

The mortgage being given for $ 800 when, by agreement, only $700 was advanced, is usurious. The amount actually advanced only can be recovered, without interest or costs.—Bennett *v.* Hadsell, 8 *C. E. Green*, 174.

In a suit to foreclose a mortgage whereon, at the making of the loan, twelve per cent. interest was demanded, and agreed to be paid, and at the expiration of the first six months, interest at that rate was paid and received as the interest for that time, the principal only, less the excess of the amount so paid above the legal interest, can be recovered, and that without interest or costs of suit.—Pond *v.* Causdell, 8 *C. E. Green*, 181.

XXXI. New Mexico.

Parties may contract for any rate not exceeding twelve per cent. Judgments shall draw the same rate as the contract. Usury forfeits the whole interest. Six per cent. is the rate fixed by law where there is no contract.

XXXII. New York.

Seven per cent. is the legal rate, and any contract whereby a greater rate is agreed upon, either directly or indirectly, is absolutely void.

Usury is a misdemeanor punishable by fine of one thousand dollars, or six months' imprisonment, or both. A corporation cannot plead usury. National and State banks are exempt from the extreme penalties mentioned above.

Question of usury is personal, and can be raised only by parties to the transaction.—Ohio and Miss. R. R. Co. *v.* Kasson, 37 *N. Y.*, 218.

When the maker of a renewal note interposes the defense of usury, there may be a recovery on the original note, if that was free from the taint of usury.—Farmers and Mechanics' Bank *v.* Joslyn, 37 *N. Y.*, 353.

Where the maker of a promissory note pays a consideration to a party to indorse said note, and to procure a discount at the bank, such transaction does not constitute a usurious agreement.—Chatham Bank *v.* Betts, 37 *N. Y.*, 356.

The bank discounting such note, in good faith, can recover the same of the maker thereof.—*Id.*

Where a party is solicited to make a loan, and to procure the means of doing so must spend time, and incur trouble and expense in collecting the same from others, and does this at the request of the borrower, and upon his agreement to pay for such services and expenses, the transaction is not usurious.—Thurston *v.* Cornell, 38 *N. Y.*, 281.

Whether the payment upon a loan of more than the legal rate of interest is usury, depends upon the particular facts of the case and the intention of the parties, and these are questions for the jury. If paid or received for the loan, or forbearance of the money, it is usury; but, if the excess is for other good and valuable considerations, not interposed as a device to cover usury, the transaction is not usurious.—Thurston *v.* Cornell, 38 *N. Y.*, 281.

Although the intent is essential to constitute the offence of usury, the intent must be deduced from, and determined by the facts. The knowingly and voluntarily taking or reserving a greater interest or compensation for a loan than that allowed by law is *per se* usurious. The offense is not condoned by want of intent to violate the statute or by giving to the transaction another name than that of a loan.—Fiedler *v.* Darrin, 50 *N. Y.*, 437.

The taking of usury, or including it in new notes by way of renewal of other valid notes, free from such taint, does not prevent a recovery of the sum actually due upon the valid notes, although the original notes were surrendered when the new notes were given.—Winsted Bank *v.* Webb, 39 *N. Y.*, 325.

Where a complaint alleged the making, etc., by the defendants, of six notes, their non-payment at maturity, etc., and the giving of other six notes in renewal thereof, upon which the first six notes were surrendered, and stated that the defendants alleged and claimed that the last six notes were void for usury, and the defendants, by their answer, did set up such usury and claimed the first six notes were paid and surrendered, and that the last notes were void for usury, the plaintiff, in opening his case on the trial, admitted that usurious interest was included in the last six notes, whereupon a non-suit was ordered. On appeal, *held* that this was erroneous.—*Id.*

The delivery of six notes which were void for usury, was not payment and satisfaction of the six valid notes intended to be renewed thereby.—*Id.*

Upon the facts stated, the surrender of the first six notes was not a discharge of the cause of action, and the plaintiff was entitled to recover the amount actually due.—*Id.*

When a lender stipulates for a contingent benefit beyond the legal rate of interest, and has the right in any event to demand the repayment of the principal sum with the legal interest thereon, the contract is in violation of the statute prohibiting usury, and is void.—Browne *v.* Vredenbergh, 43 *N. Y.*, 195.

To establish usury, some consideration in addition to lawful interest must proceed from the borrower. It is not enough that the lender is moved by consideration of collateral benefits to himself, which may result indirectly from the transaction, provided they are not a burden imposed upon the borrower, and to which he submits as the means of obtaining the loan, and which are intended as a compensation to the lender beyond the legal rate of interest.—Clarke *v.* Sheehan, 47 *N. Y.*, 188.

Where parties are desirous of entering into a contract for their mutual advantage, the mere fact that a part of the arrangement is a loan by one to the other at the legal rate of interest, to enable him to perform his part, does not present a case of usury, although the loan would not have been made except as part of the contract, and even though the contract would not have been made without the loan. If provision is made for full compensation to the borrower for all he may do under the collateral contract, there is no usury.—*Ibid.*

The provisions of the act prohibiting corporations interposing the defense of usury (chap. 172, Laws of 1850,) only prevent the avoidance by a corporation of its own contract upon the ground of usury. They do not apply to a case where the corporation succeeds to the rights of a party who might avail himself of the provisions of the usury laws. Where, therefore, property is pledged to secure a usurious loan, a corporation succeeding to the rights of the pledger is not prohibited from demanding and recovering the property pledged.—M. E. N. BANK *v.* C. W. Co., 49 *N. Y.*, 635.

No privilege of immunity from the usury laws of the States is conferred upon National banks by the act of Congress of 1864 (13 Stat. at Large, 99); and a contract for a loan made in this State with one of these organizations, by which it reserves a greater rate of interest than seven per cent., is void. FIRST NATIONAL BANK *v.* Lamb, 50 *N. Y.*, 95.

The provision of Section 30 of said act, limiting the forfeiture to the interest, has reference only to the preceding sentence, which prescribes a rate of interest in those States and Territories where no rate is fixed by law. A construction of this provision which would make it applicable to contracts made in States where the rate of interest is regulated, and which would bring it in conflict with State laws, would render it unconstitutional.—FIRST NATIONAL BANK *v.* Lamb, 50 *N. Y.*, 95.

The power to create a corporation as an appropriate instrument for the execution of a constitutional power vested in the federal government, only carries with it authority to confer upon that corporation such privileges or immunities from State laws as are necessary to enable it to effect the legitimate National object for which it is created. No such National object requires that National banks should exceed the rates of interest fixed by the States, and no immunity from State usury laws is, therefore, necessary.—FIRST NATIONAL BANK *v.* Lamb, 50 *N. Y.*, 95.

Where an advance is made in one place, upon a check drawn upon a bank in another, no question of usury can arise out of the transaction, as there is no loan or forbearance of money for any time whatever.—Crocker *v.* Colwell, 46 *N. Y.*, 212.

By the provisions of section 3 of the usury laws of this State (1 R. S., 772, Sec. 3), the right of action of a borrower, who has paid usurious interest, for the recovery of the excess, is terminated at the end of one year, and is then transferred to the officers named in section 4 (Allen and Folger, J. J., dissenting).—Palen *v.* Johnson 50 *N. Y.*, 49.

A loan made by a bank organized under the laws of the State of New York, reserving a greater rate of interest than seven per cent. per annum is not void, the statute of this State passed April 9, 1870, having repealed the general provisions of the statutes of this State in respect to usury as to such institutions.

The entire interest which the loan carries is forfeited in accordance with the laws of Congress relating to National banks passed in 1864.—The FARMERS' BANK OF FAYETTEVILLE *v.* Hale *et al.*, Onondaga circuit, May, 1873.

(To be continued.)

THE BANK CLERKS' ASSOCIATION OF MISSOURI.

PRESIDENT'S REPORT.

ST. LOUIS, May 25, 1874.

To the Members of the Bank Clerks' Association.

So many organizations promising largely have died almost in the hour of their birth, that the Board of Management feels justified in congratulating the Bank Clerks' Association on this its third anniversary meeting. Never having indulged in loud vaunts, it has pursued the even tenor of its way, quietly and unobtrusively carrying out the purposes of its founders, and is now about to enter upon its fourth year full of vigor, and possessing increased means of usefulness.

FINANCES.—The financial condition of the Association is most encouraging, in this: that it has met its obligations, and is stronger than a year ago. Beginning the year with $1,225.19, the Treasurer now reports a balance in his hands of $1,798.30, an increase during the twelve months of $573.11. The interest received from Third National Bank paid the greater part of our expenses. The latter, $148 in amount, exceeds what will ordinarily be the case, in consequence of the printing of the new Constitution. It is thought that hereafter the expenses will be easily covered by interest received.

MEMBERSHIP.—The Corresponding Secretary's report shows an equally satisfactory state of affairs as to our membership. At the date of the last annual report there were 146 members in good standing. During the year 34 new members have been added, while we have lost, by death, 2; by resignation, 3; stricken from the rolls for non-compliance with the conditions of membership, 13; leaving the number now in good standing 162; an actual increase of 16. If an Association like ours, which restricts its membership to a class, the elements of which are constantly changing, holds its own in numbers, it is in a healthy condition. Many members leave the employ of banks for other pursuits; others leave the State, and, old ties being broken, lose interest in the Association, and permit their membership to lapse. If new members in sufficient numbers are brought in to replace all who are dropped from our rolls the organization remains strong; if the number be increased it is a matter for special congratulation. The individual members could do much towards increasing our numbers, and thereby our ability to render aid, if they would endeavor to influence their friends who are eligible, and not yet connected with us. Our rolls should have 300 St. Louis names

upon them instead of 160, and could be so extended if members would divest themselves of the idea that, having paid all dues and assessments, no further obligation to the Association rests upon them. Your Directors, having only the same interest in the Association as yourselves, and serving simply "for glory," have a right to expect that you will second them heartily in their efforts to promote the common welfare. If pride in the Association is not sufficient incentive, a pardonable selfishness might suggest that each name added to our rolls adds, also, two dollars to the benefit in case of death.

It can easily be shown that the payment of dues and assessments in this Association is a most profitable investment. The bread which a man throws on the waters here will come back to his heirs, even though it be after many days. Scarcely any member can expect to continue among us for forty years, yet in such a length of time he will have paid—

Initiation fee	$ 2 50
Forty years' dues	240 00
And retaining the membership at its present standard, we may expect three deaths per annum, which, for forty years, at $ 2 each, will be	240 00
Making total payments	$ 482 50

The Association can even now make the benefit in case of death $ 500, and will be able to increase this amount from time to time as funds accumulate in the treasury. From all of which it will appear to be nearly impossible for any member to live long enough to pay in to the Association as much money as the Association will pay to his representatives after his death.

Permanent Fund.—We regret that the duties of our Trustees are not more onerous. The custody of the permanent fund gives them but little trouble. The $ 100 reported a year since still constitutes the fund: "only that, and nothing more." This is the case despite efforts made by the Board to increase the amount. At its first meeting a committee was appointed to solicit subscriptions to the fund from the banks of the city. A circular was prepared, being an exposition of the nature of the organization, its objects and its close connection with the banking interests of St. Louis. We were encouraged to hope for favorable responses from a number of the banks, when, unfortunately, a financial flurry, local to St. Louis, occurred. Several business houses failed, entailing losses on different banks, and at once "contraction" was the word. We all understand that a banker says NO easier than another man, and adheres to it most determinedly. *That* is what they said to us. Scarcely had this flurry passed when the great panic of which it was the forerunner burst upon the country, and deprived us of what little hope remained. The times were out of joint. It is charitable for us to connect our lack of success with the failure of Jay Cooke, and we are only following the fashion in doing so. Some might be uncharitable enough to ascribe it to a lack of sympathy with our objects among bankers, even though,

on the heels of the panic, the New York Associated Banks voted $10,000 to the permanent fund of the Bank Clerks' Association of that city. When time has demonstrated the permanence of our Association, and its usefulness as one of the benevolent institutions of the city, Dives may drop us a few crumbs. Until then we must depend upon our own resources, and, accordingly, feel all the prouder over our success.

New Constitution.—The committee appointed at your last annual meeting to revise the Constitution duly reported, and the Constitution as revised was adopted at a meeting of the Association held November 18th last, and went into effect January 1st of this year. The principal differences between the old and the new Constitutions are—

1st.—The assessment on each surviving member in case of death is made two dollars, instead of one dollar, as heretofore.

2d.—New memberships are restricted to residents of Missouri.

By means of the increased assessment it is hoped to make the amount of benefit to a deceased member's family $500, even at our present strength. Deaths are not so frequent as to make this increase a serious burden to any. Of course, as the Association enlarges its membership, and by gradual accumulation becomes financially stronger, the amount of benefit will be in a corresponding degree increased.

It was thought desirable to restrict as to residence of new members, in order that the Board might exercise closer supervision over applications. For the same reason no exertion has been made to secure members from other points in the State, though applications, should they be made, would be treated with careful consideration. The change does not affect the status of those gentlemen from other States, members when it was made, nor will it apply to those members who may at any future time remove from the State.

Deaths.—Since the last annual meeting two of our members have died, Henry Ewing and Stewart Steel. It was Major Ewing's suggestions through the public press which led to the formation of this Association, and he remained its steadfast friend. Mr. Steel was also one of the originators of the Association, and had been prominent in its councils. The assessments provided for by our laws were made, and the proceeds in each case handed to the widow.

Sundries.—It affords us pleasure to state that no call has been made upon us to afford temporary relief in any case of distress, as authorized by Article XXII of the Constitution.

Mr. Meysenburg, elected Recording Secretary one year ago, resigned the position, and its duties, by direction of the President, were performed by Mr. G. D. Barklage, until the election of Mr. B. W. Darby to fill the vacancy.

The thanks of the Association are due to the officers of the

Continental Bank and Bartholow, Lewis & Co., for the free use of their rooms for meetings of the Association and Board of Management the past year.

Attention is called to the reports of the Treasurer, Corresponding Secretary and Recording Secretary, submitted herewith.

And, in conclusion, the President desires to acknowledge the courtesies shown him by all connected with the Association, and to return his thanks to his fellow-officers and the Board of Management for their earnest co-operation in all measures undertaken to advance the interests of the Association.

CHARLES R. GOODIN, *President.*

TERMS OF MEMBERSHIP.

Any person holding position in any bank or banking house, clearing house, or United States Assistant Treasurer's office in the State of Missouri shall be eligible for membership, subject to such regulations as shall be hereafter provided for; and any member who may cease to be connected with any bank or office, except for disgraceful or dishonorable conduct, shall not forfeit his membership so long as he continues to comply with the requirements of the Constitution.

OFFICERS.

President, Charles R. Goodin; *Vice-President*, George D. Barklage; *Recording Secretary*, F. W. Risque; *Corresponding Secretary*, B. W. Darby; *Treasurer*, O. E. Owen.

Directors, William Kossack, T. F. Stoewener, Charles Kern, G. Daschel, W. W. Bell, W. C. Little, H. H. Wernse, G. D'oench, T. B. Moore, C. S. Jones, H. B. Alexander, F. J. Igelhart.

Trustees, T. A. Stoddart, E. C. Breck, William Shields, T. B. Edgar, J. H. McCluney.

CORRESPONDING SECRETARY'S REPORT.

Number of members at date of last report	146	
New members	34	
		180
Deaths	2	
Resignations	3	
Dropped from rolls	13	
		18
Present membership		162

W. C. LITTLE, *Corresponding Secretary.*

NOTICES OF NEW PUBLICATIONS.

I. THE FINANCIAL QUESTION.—*A lecture delivered before the Young Men's Lyceum, at Tarrytown, by* HENRY SELIGMAN, Esq.

Mr. SELIGMAN describes concisely the condition to which the country has been brought by the financial policy of the Government as follows:

"By continual legislative meddling, by an utter disregard of the laws of supply and demand, by want of good faith in carrying out the spirit of promises, an instability of values has been established which compels the merchant, the capitalist and the banker, even, to grope in perplexing uncertainty on this vital subject. Guesswork and gambling have taken the place of prudence and foresight in the business of the country. Recklessness and extravagance rule, instead of security and simplicity. This uncertainty in relation to fixed intrinsic values involves the affairs of our people in constant and inextricable difficulties. It practically incites a spirit of bankruptcy, destructive of confidence and credit. By enriching the few at the expense of the many, it opens the door to destitution, social degradation and general public demoralization, both of people and Government."

Keeping this sad picture in view, we turn to another page of Mr. Seligman's essay, on which he speaks of the reduction of our debt from 2,758 million dollars in 1865 to 2,149 millions in 1873, and says:

"The financial records of the world show no such remarkable feat as this. Alone it stands an imperishable record of the boundless resources of our country's good faith and indomitable courage of our people."

Strange to say, that very condition of demoralization described in the former paragraph was and is the direct, logical result of the "glorious labor" of paying off 609 million dollars of our debt in eight years! It is now no longer the opinion of any economist, that this rapid extinguishment of the face of the debt has been of any service to the country whatever. On the contrary, it has paralyzed its industry, injured our permanent resources, and thrown us prostrate into the "Slough of Despond," where we are now floundering. It did not improve our credit in the European markets, and it ground us to death at home. Mr. CHASE it was who announced the theory that "one generation has no right to create debts for a subsequent generation to pay," which has about as much sense in it as to say that a man has no right to bequeath a piece of real estate to his children with a small mortgage upon it because his children will have to pay the mortgage. The utter absurdity of this theory in application to our debt is evident from two facts only, to say nothing of many others equally pertinent: 1. That the debt was created by former generations, which introduced and nurtured slavery, the cause of it; and 2. That the present generation has given its best blood, infinitely more costly than material wealth, to remove that curse out of the way of the future. It has added more than its due share of material wealth to both, in establishing that liberty and newness of sound life, which have already made the National estate worth far more than it was before the debt was contracted.

We commend Mr. SELIGMAN's pamphlet as well well worth reading. It abounds in evidences of careful thought and research. Want of space only prevents our making more liberal quotations from it in this number of the magazine;

but we shall probably recur to it hereafter. Of the plan by which Mr. SELIGMAN proposes to relieve the country from its embarrassments we can only say, that *no* plan which contemplates the continued existence of the Independent Treasury can ever give such relief, in our judgment. In the following paragraph he seems to have forgotten that monstrous hoarding concern:

"The freedom of banking under Government supervision goes hand in hand with the spirit of an age which has proclaimed emancipation of mental bondage; an age wherein the commerce of the world seems touching a new era; an age wherein a development of energies heretofore unimagined is prevailing; an age wherein nobody hoards, everything is invested or employed, directly or indirectly forming the basis of business operations."

II. TOBIN'S *Bond Tables.* J. B. LIPPINCOTT & CO., *Philadelphia.*—These tables show the per centage of interest yielded by investment in three to ten-per-cent. bonds, having from one to thirty years to run, when purchased at 50@110 cents on the dollar. In his preface the author gives some cases as illustrations. A guardian with $7,200 to invest is offered seven-per-cent. bonds, having thirteen years to run, at seventy-two cents on the dollar. Referring to the proper page on these tables, he finds, at a glance, that his average interest will be 12.714 per cent. A vast amount of tedious calculations can be saved, and to the busy reckoner, as well as to the many who are weak at figures, this book should be most welcome. Price $3.

III. DEAN'S *Interest and Equation Exponents, combined Interest and Average Tables.** Price $5. L. L. & MOSES KING. *St. Louis.*—By the use of this work the interest of any sum, at any rate per cent., for any time, is ascertained almost at a glance. It is specially adapted to the purposes of equation, furnishing a most rapid, simple and convenient method of averaging accounts, showing either the average date, due date, interest balance, or cash balance of accounts. These tables will average any account that can be averaged by mental process, and will give a rapid and reliable proof, as they contain three separate and distinct methods, either of which is a perfect test of the other. The work is comprised in a book of about twenty-five leaves, with an index for instant reference, and contains a complete set of time tables for ordinary and leap years.

IV. *Exchange Tables* for converting sterling into currency, and currency into sterling from $4.55 to $5.05 per £. By PHILIP N. HARRIS.* Price $2. W. A. LEONARD, *New York.* This is a manual, simple and concise, showing the values of sterling money under the new system of computation. The gradations increase one-half cent per £, corresponding with the premiums of 2⅜ to 13⅝ on the old fictitious par of $4.44 per £. This little book, complete in itself, is an excellent illustration of the advantage of substituting a simple method for a complex and cumbersome one, and creates fresh wonder that a system so clumsy as the old one could have been long tolerated.

V. *The Insurance Blue Book for* 1874. C. C. HINE, *New York.*—This valuable work contains a large amount of information, not only for the insurance community, but for the business public in general. It shows, by tabulated statements, the condition of the companies doing business in the United States; gives complete synopses of the Insurance Laws of the several States; contains a directory of agents; data relative to Insurance Departments, Fire Departments, the National Board, and a great variety of interesting material, of which a good portion is contributed by eminent insurance men. The editor explains some delay in the issue of the *Blue Book* by the necessity of securing exactness in the tabulated statements, and by his unwillingness to insert defective reports or to supply lapses by guessing. The *Blue Book* is gotten up with such skill, tact and good taste as indicate a thorough understanding of his business on the part of its editor and publisher.

[* Orders for these executed at the office of the BANKER'S MAGAZINE.]

NEW YORK BANK DIVIDENDS.

Payable July, 1873, January and July, 1874. Capital and profits of each undivided.

Name.	Capital.	Dividend. July. 1873.	Dividend. Jan. 1874.	Dividend. July. 1874.	Profits.
National Bank of Commerce	$ 10,000,000	4	4	4	$ 3,666,500
Fourth National Bank	5,000,000	5	4	4	1,414,400
Metropolitan National Bank	4,000,000	5	5	5	2,378,000
Central National Bank	3,000,000	4	–	4	487,600
Merchants' National Bank	3,000,000	4	4	4	1,136,400
Bank of New York, N. B. A	3,000,000	5	5	5	1,268,000
*Bank of America	3,000,000	5	5	5	2,181,600
National Park Bank	2,000,000	6	6	6	1,450,200
Mechanics' National Bank	2,000,000	5	5	5	1,083,800
Continental National Bank	2,000,000	–	–	4	387,500
Phenix National Bank	1,800,000	3½	3½	3½	325,400
Ninth National Bank	1,500,000	4	4	4	281,300
Importers & Traders' Nat. Bank	1,500,000	7	7	7	1,652,200
Merchants' Exchange National Bank	1,235,000	3	–	4	366,100
Market National Bank	1,000,000	5	5	5	515,500
Hanover National Bank	1,000,000	4	4	4	239,600
National Broadway Bank	1,000,000	12	12	12	2,104,700
National Shoe & Leather Bank	1,000,000	6	6	6	751,300
Tradesmen's National Bank	1,000,000	6	5	5	593,700
Third National Bank	1,000,000	†4	4	4	348,600
Tenth National Bank	1,000,000	*None*	–	–	84,600
*Bank of North America	1,000,000	4	4	4	200,200
*Dry Goods Bank	1,000,000	3½	–	–	66,500
National Butchers & Drovers' Bank	800,000	5	5	5	319,300
Leather Manufacturers' Nat. Bank	600,000	6	6	6	696,100
First National Bank	500,000	‡5	‡5	†3	503,500
Irving National Bank	500,000	4	5	5	198,100
Seventh Ward National Bank	500,000	3	3	3	58,700
New York National Exchange Bank	500,000	3	–	*None*	41,500
Manufacturers & Merchants' Bank	500,000	*None*	–	–	71,200
Bank of the Metropolis	500,000	–	4	4	57,800
Chatham National Bank	450,000	6	5	5	256,300
*People's Bank	412,500	5	5	5	262,100
National Citizens' Bank	400,000	5	5	5	267,900
Marine National Bank	400,000	6	6	5	234,700
*North River Bank	400,000	3½	3½	3½	36,600
East River National Bank	350,000	4	4	4	192,600
Second National Bank	300,000	5	5	7	329,900
Chemical National Bank	300,000	15	25	15	2,890,300
*Oriental Bank	300,000	6	6	6	351,600
*Grocers' Bank	300,000	5	5	5	91,300
Bowery National Bank	250,000	*None*	6	6	274,700
*Produce Bank	250,000	–	§3½	3½	15,800
Sixth National Bank	200,000	5	4	4	62,600
New York County National Bank	200,000	7	6	7	335,000
*Bull's Head Bank	200,000	–	–	–	20,700
*West Side Bank	200,000	4	4	4	53,000
*Eleventh Ward Bank	200,000	3½	3½	3½	21,500
Fifth National Bank	150,000	‡3½	‡3½	‡2½	100,600
Manufacturers & Builders' Bank	100,000	5	5	4	34,700

Banks with a star (*) are under State charter. † In gold. ‡ Quarterly dividends.
§ November, 1873. Dividend months changed from May and November to January and July.

BANKING AND FINANCIAL ITEMS.

THE TREASURY DECISION, that the National banks will be permitted to make good amounts charged to the five-per-cent. fund for the redemption of their notes, by remittances of National bank notes, saves the expense of remitting legal-tender notes from the Treasury Department, in return for the bank notes redeemed, and of the return of legal tenders by the banks to make good the five-per-cent. fund. But as the senders must lose the interest on the sums transmitted, while in transit, it is not to be wondered at that the offerings for redemption at the Treasury, to this date, amount only to some seven million dollars. Experience only can show whether the new law is to make the currency more elastic or not. If the National banks would hasten the day of safety and soundness in finance, they can serve the whole country by adopting the practice of forwarding for redemption all the surplus notes of other banks that come into their possession. Practically they have the matter in their own hands.

THE FREEDMAN'S SAVINGS AND TRUST COMPANY.—On July 1st, the Trustees of this institution voted to place its affairs in the hands of three commissioners, for the purpose of winding up its business. Since the panic of September, 1873, it has been so seriously crippled that recovery was plainly doubtful, and its condition is now regarded as one of hopeless insolvency. The Commissioners are now engaged at Washington examining the books of the company. They will shortly issue to those interested a circular giving a statement of what they expect to be able to do, and urging them not to sacrifice but retain their claims until the affairs of the institution can be arranged. The Commissioners are said to hope that nearly the whole amount of the indebtedness will be paid.

An examination of the reports of the bank and its branches compels the conviction that the administration of its affairs has been very inefficient, while great negligence and confusion in accounts have existed. The bank seems to have habitually violated the provision of its charter prohibiting it from making loans except upon real estate, and out of the total resources of $3,227,510, the amount of $612,137 is composed of assets of illegal character. A deficiency of $217,886, reported on March 10th by Mr. C. A. Meigs, Bank Examiner, is increased by the reports of the branches subsequently received, till the total deficiency is placed at $582,470; or, in other words, to meet liabilities of $3,338,896, the net resources amount to only $2,756,425. This estimate of the deficit is based to a large extent upon schedules of losses by bad and doubtful debts, and may be inaccurate, but the fear is that it is more rather than less.

A writer in the Port Royal *Commercial*, who signs himself "A Former Officer and Trustee" of the Freedman's Bank, gives a long history of the bank and the causes of its failure. He says:

"The history of this bank is better known here in Beaufort than anywhere else. Here it had its root; for here was established the original bank for the benefit of the Freedmen, whose success unfortunately attracted the attention of those persons who finally obtained control of it and ruined it." He also shows by the records "that instead of the weak branches having crippled the bank, as claimed by the managers, *the central office has dragged down the branches*. All their deposits were sucked into the mælstrom at Washington to be manipulated by men grossly ignorant of the rudiments of finance."

Among the many financial warnings of the past memorable year, this failure stands significant. There were in 1873 over seventy thousand depositors, of whom about ninety per cent. were freedmen and women scattered over the country. The pecuniary loss to these is a heavy calamity, but not the worst resulting evil. A greater lies in the destruction of their confidence in all savings banks, and in the utter discouragement of those habits of thrift and economy which are all important to the freedman.

THE NEW YORK BANKS.—The following is an abstract of the quarterly statements of the National banks of the city of New York:

LIABILITIES.

	May 1, 1874.		June 26, 1874.
Capital	$ 68,500,000	..	$ 68,500,000
Net profits	33,446,200	..	34,490,800
Circulation	27,326,400	..	26,298,300
Due banks	100,567,400	..	100,359,500
Due depositors	122,226,100	..	123,696,800
Unpaid dividends	623,000	..	123,100
Totals	$ 352,689,100	..	$ 353,468,500

RESOURCES.

Loans and discounts	$ 205,505,700	..	$ 202,362,200
Stocks, bonds & mortgages	44,431,700	..	46,206,300
Real estate	8,576,600	..	8,479,400
Due from banks	14,453,500	..	16,923,700
Cash items and bank notes	7,698,700	..	7,518,100
Specie	25,041,400	..	15,514,600
Legal tenders	46,619,500	..	56,313,100
Overdrafts	362,000	..	151,100
Totals	$ 352,689,100	..	$ 353,468,500

THE OCEAN BANK INVESTIGATION.—The Sub-Committee appointed by the Committee on Banking and Currency of the House of Representatives to investigate the affairs of the Ocean National Bank, concluded their labors shortly before the adjournment of Congress. No report was made, because the stenographer was unable to prepare the testimony in season. Gentlemen who conducted the examination say that the evidence fully exonerates Mr. Knox, the Comptroller of the Currency, and Mr. Theodore M. Davis, Receiver of the Bank, and shows that the affairs of the bank had been managed skillfully, honestly and in the interest of the depositors and stockholders. The Receiver's accounts, and his statement of the assets of the bank, disposed of and remaining on hand, were fully examined, verified and approved by Messrs. F. D. Tappan, President of the Gallatin National Bank; J. D. Vermilye, President of the Merchants' National Bank, and Charles A. Meigs, Bank Examiner. It is stated that the complaints against the Receiver came from persons who obtained from the bank before its failure more than $500,000 on pledge of bonds and stock of the Portage Lake Ship Canal Company. The money so obtained has not been repaid, and those who owe it have resisted every attempt of the Receiver to collect it, and they have made repeated efforts to have him removed. It is affirmed that the Receiver will be able to pay the creditors of the bank in full if not interfered with.

ARREST OF A BANK PRESIDENT.—Mr. George Ellis, formerly President of the late Commonwealth National Bank, was arrested June 30th. The indictment simply charges Mr. Ellis with misapplying the funds of the National Bank of the Commonwealth, but the specific charge against him is said to be that in December, 1872, while he was President of that bank, he used $53,000 of its money to buy its own stock. He then deposited this stock with the Security Bank, and drew against it as collateral. It is also alleged, though not in the indictment, that Mr. Ellis made or caused to be made false entries in the books of the National Bank of the Commonwealth, to conceal the fact that he had, in violation of the Banking act, used the bank's money to purchase its own stock.

NEW YORK.—The German firm of Lassing, Wies & Co., doing a banking business on Chatham street, suspended payment on Saturday, June 27th. A former partner took possession of everything found in the banking house, claiming it under a judgment for money advanced. The present (or rather the absent) partners have taken to flight, leaving no assets for the unfortunate creditors.

NEW YORK.—The assessed value of real and personal estate in the city and county of New York is reported at $1,754,000,000, an increase of $24,788,000 on the valuation of last year.

THE FIRST NATIONAL BANK OF WASHINGTON.—On the application of E. L. Stanton, receiver of the First National Bank of Washington, for authority to sell the lot, building and fixtures, Mr. H. D. Cooke testified that the building was built by Jay Cooke & Co., and sold to the First National Bank, in which they were interested as stockholders; that it cost $80,000 when labor and material were much lower than at present. It was probable that the bank would resume business, and if so they would require the building. The court decided on July 22d, that the price offered, $80,000, was not sufficient, and that at least $100,000 should be realized. The sale is therefore postponed until December. The receiver expects to declare a dividend of 20 per cent. in a few weeks, making 70 per cent. in all.

THE ILLINOIS FREE BANKING LAW.—A Springfield telegram to the *Chicago Times* gives some interesting facts regarding the free banking law of 1851. It is generally supposed that the act had been repealed in 1857, but such is not the case. Only last winter was a repealing act passed, which went into effect on July 1st. But it became known that bank charters obtained under the old law would be valuable property, as the law is very liberal in relation to buying and holding real estate, and the liability of stockholders—more liberal than any future law will ever be. A large number of persons, therefore, proceeded to "organize" banks under the law, and during the last week in June nearly a hundred charters were granted. These charters are more valuable than National bank charters, and will be sold out, doubtless, to those who can make profitable use of them.

THE NATIONAL BANKS OF CHICAGO, by their statements of June 26, published in accordance with the call of the Comptroller of the Currency, exhibit a much stronger condition than on May 1. The percentage of cash means to deposits has risen from fifty-seven to sixty-one per cent. A slight decrease of loans (from $24,270,870 to $24,111,620), and an increase in deposits ($30,713,017 to $33,169,820) are usual during the summer. The reserves ($8,013,911) held by the banks are much in excess of the legal requirements. The statement shows that the banks of Chicago, taken altogether, are very strong.

THE BANK OF CHICAGO, formerly the National Loan and Trust Company, has gone into liquidation. This bank was started several years ago by a stock company, under a liberal charter. One department was devoted to general business, and another to savings and special deposits. Mr. I. P. Coates was appointed assignee on 10th July, with full powers to convert the assets into cash.

ILLINOIS.—The old established banking firm of W. F. THORNTON & SON, at Shelbyville, who know the value of promptness in correspondence, offer their services for collections in Shelby and adjoining counties. Their references will be found in their card on the cover of this number.

Nashville.—Messrs. SAWYER, MCCRACKEN & CO., successors to HAY, BROTHERS & CO., offer facilities to correspondents seeking investments in good mortgages, as well as to those having collections for that vicinity. Their card will also be found on our cover sheets.

NEW LAWS OF ILLINOIS.—Among the laws passed by the last Illinois Legislature were the following, regulating contracts, warehouse receipts, &c., of which we give the substance. They went into effect on July 1st.

Gambling in Grain, Stocks, Gold, Etc.—Whoever contracts to have, or give to himself or another, the option to sell or buy, at a future time, any grain or other commodity, *stock of any railroad or other company, or gold*, or forestalls the market by spreading false rumors to influence the price of commodities therein, or corners the market, or attempts to do so in relation to any of such commodities, shall be fined not less than $10 nor more than $1,000, or confined in the county jail not exceeding one year, or both; and all contracts

made in violation of this section shall be considered *gambling contracts, and shall be void.*

Fraudulent Warehouse Receipts.—Whoever fraudulently makes or utters any receipt or other written evidence of the delivery or deposit of any grain, flour, pork, or other goods, or merchandise, upon any wharf or place of storage, or in any warehouse, or other building, when the quantity specified therein has not, in fact, been delivered or deposited as stated in such receipt, and is not, at the time of issuing the same, still in store, and the property of the person to whom the receipt is issued, or for the whole or any part of which any other receipt is outstanding, shall be imprisoned in the penitentiary not less than one nor more than ten years.

Removal of Goods.—Whoever, having given any such receipt or written evidence of deposit or storage or being in the possession or control of such property, shall sell, incumber, ship, transfer, or in any manner remove from the place of storage, any such goods, wares, or merchandise, without the written consent of the holder of such receipt, except in cases of necessity for the purpose of saving such property from loss or damage by fire, flood, or other accident, shall be imprisoned in the penitentiary not less than one nor more than ten years.

TAXATION OF CAPITAL STOCK.—The Supreme Court of Illinois has rendered a decision in the case of Porter *et al* against The Rockford, Rock Island & St. Louis Railroad Company, which is an important one as it sustains the State Board of Equalization in taxing the capital stock of this company and virtually decides similar cases. The decision concludes as follows:

Even from the appellant's own showing it is difficult to conceive that this assessment does it injustice. The capital stock paid in is presumed to have been used in the corporate business, and this indebtedness could not have been created for other than corporate purposes. But, be this as it may, we are convinced from the allegations in the bill, taken in connection with the accompanying exhibit, that the valuation of the appellee's property, as made by the Board of Equalization, is not so unjust or oppressive as to be sufficient evidence of fraud on the part of the board to justify us in restraining the collection of the tax imposed upon it. Some further objections are urged, on the ground that the corporators were not informed of the meeting of the Board of Equalization. The constitution does not provide that the Legislature shall require that persons or corporations whose property shall be assessed for taxation, shall be notified of the assessment; but, in the case of the Western Union Telegraph Company against Leib, where the Board of Equalization assessed the capital stock, the court held that the Board of Equalization is empowered to assess for taxation the capital stock of such corporations as are created by, or under, the laws of Illinois; and that the shares of stock in such corporations are not liable to be assessed for taxation; but that persons residing in this State, owning shares of stock in corporations created by the laws of other States, must be taxed only for the value of such shares; that the assessment for the taxation of the capital stock of the Western Union Telegraph Company, a foreign corporation, is unauthorized by law and void, and that the collection of the tax levied upon it must be enjoined in the various counties of the State.

INDIANA.—The banking firm of W. J. LOWRY & Co., Evansville, was, on the 15th of July, dissolved by the withdrawal of Samuel Bayard (Vice-President of the Evansville National Bank) and Philip C. Decker (Cashier of the German National Bank.) The business of the house is continued by S. P. Gillett and Leroy Swormstedt under the old firm name.

CHECK RAISING.—Several firms of New Orleans are reported to have suffered through one Mr. Joseph Weidner, who has been a broker in that city for some time. He did very little business, but was regarded as an honest and well-meaning young man. The trick is an old one. Drawing three checks on the Hibernia Bank for \$41.50, \$71 and \$38, he changed these to larger amounts by removing the dots between the dollars and cents. Thus \$41.50 became \$4150, and \$38.00, \$3800. Before this he had the checks for the smaller

amounts certified by the banks. When changed, they bore all the appearance of perfectly good checks, and Weidner found no difficulty in negotiating them. Besides the moneys obtained in this manner, it is believed that Weidner carried off some $ 15,000 to $ 20,000 in bonds, etc.

The practice of some tellers in certifying checks without plainly stating the amount for which marked good, is a grossly careless one which no hurry will justify. Business ought to be transacted rightly or not at all.

MARYLAND.—Semi-annual dividends, payable in July, have been declared by Baltimore banks as follows: Citizens' National Bank, six per cent.; Farmers & Merchants' National, five; Merchants' National, five; National Bank of Baltimore, six; National Exchange, five; National Farmers & Planters', six; National Union Bank of Maryland, four; Third National, five; Western National, six; Bank of Commerce, two-and-a-half; Chesapeake Bank, four; Franklin Bank, three; German-American Bank, five; Union Banking Co., six per cent.

Removal.—At a meeting of the stockholders of the Central National Bank of Baltimore, held July 15th, action was taken authorizing the withdrawal of the bank from business in Baltimore, and application to be made for a change of title, and its transfer to New York.

This bank commenced business in March, 1871. It has paid thirty per cent. dividend in cash; can now pay its deposits in cash in full, and pay its stockholders in full and a premium. It is therefore not surprising that after transacting the business above stated, it was

Resolved, that the thanks of the stockholders of this bank are hereby tendered to James O'Connor, Esq., President, for the energy, integrity and ability he has shown in the successful management of this bank, and their good wishes for him officially and personally.

THE LAW OF GUARANTY.—A law of the last session of the Massachusetts Legislature, which went into effect July 30th, enacts that all persons becoming parties to promissory notes payable on time by a signature in blank on the back thereof, shall be entitled to notice of non-payment the same as indorsers.

MORE IRREGULARITIES.—John P. Barker, cashier of the First National Bank of New Bedford, MASS., was removed July 7th, in consequence of a statement of irregularities made to the Directors by Bank-Examiner Needham.

The deficit has been made good by friends of the cashier, and no loss falls upon the bank. The amount is stated at $ 20,000. Barker is nearly sixty years of age, and has been cashier about twenty years.

ST. LOUIS.—The subjoined aggregate statement of the condition of the 60 banks in the city of St. Louis, on the first day of July, 1874, has been compiled from public and private statements, by Mr. E. Chase, Manager of the Clearing House.

	Capital and Surplus.	*Savings and Time Deposits.*	*Demand Deposits.*	*Loans and Discounts.*	*Cash and Exchange.*
7 National banks	$ 7,655,800	$ 948,628	$ 6,782,682	$ 10,794,622	$ 3,855,923
32 other banks	10,434,634	11,325,028	14,836,869	29,025,985	6,954,180
39 banks in Clearing House	18,090,434	12,273,656	21,619.551	39,820,607	10,810,103
21 " not in "	1,273,481	2,687,347	2,742,808	5,455,854	1,169,189
60 banks aggregates	19,363,915	14,961,003	24,362,359	45,276,461	11,979,292
60 " 1 Jan., 1874	19,176,595	14,214,478	22,172,300	40,886,211	12,109,421
Increase last 6 months	$ 187,320	$ 746,525	$ 2,190,059	$ 4,390,250	—
Decrease " "	—	—	—	—	$ 130,139

The 7 National banks have deposited $ 4,107,800, bonds, as security for circulation, $ 3,625,470. The aggregate of exchange on Eastern cities, Chicago and New Orleans, purchased by the banks from 1 January to 1 July, 1874, was $ 121,994,773.

NEBRASKA.—At a meeting of the Board of Directors of the First National Bank of Omaha, held July 8th, Mr. Augustus Kountze, late Cashier, was elected Second Vice-President, and Mr. H. W. Yates was chosen Cashier in place of Mr. Kountze. Mr. E. Creighton continues to be President, and Mr. H. Kountze, Vice-President as heretofore.

NEW JERSEY.—An unsuccessful attempt to defraud the First National Bank of Hoboken was made July 17th, by a man calling himself J. R. Sheldon. Presenting a letter of introduction, apparently from Morton, Bliss & Co. of New York, and depositing their certified check for $ 7,000 on the Tenth National Bank of New York, he desired to open an account. When, however, he proposed to draw out $ 2,400 in currency, the cashier, Mr. Liliendahl, declined until Messrs. Morton, Bliss & Co. could be communicated with. The new customer, declaring that he must make a payment that afternoon, was allowed to withdraw the check and went away ostensibly to open his account in some other bank. When inquiry was made it was found that both the check and the letter were forgeries.

OHIO.—Mr. James A. Orcutt has been elected President of the Defiance National Bank, to fill the vacancy caused by the death of Mr. Virgil Squire. Mr. Joshua P. Ottley takes the place of Mr. Orcutt as Vice President; Mr. E. Squire being Cashier as heretofore.

VERMONT.—The stockholders of the Vermont and Canada Railroad on the 8th July, voted to sell the road to the Central Vermont Railroad Company for $ 3,000,000, payable in bonds having thirty years to run, with interest at the rate of six per cent. per annum. An animated discussion took place upon the probity of the purchasers and their capability to pay the sum agreed upon. The stockholders of the Central Vermont Railroad also held a meeting at the same place, and concluded to ratify the action of both boards of directors.

VIRGINIA.—The Controller of the Currency has declared a dividend of 35 per cent. to the creditors of the late First National Bank of Petersburg, Va. This is the second dividend, and makes a total of 60 per cent.

WEST VIRGINIA.—The stockholders of the Merchants' National Bank at Wheeling voted on July 7th, to wind up its affairs. A large amount of its funds being tied up in unproductive real estate taken on account of old claims, and other assets yielding little or no revenue, the bank could no longer be expected to pay the usual dividends. In view of this fact, and of the high price now to be obtained for Government bonds, it was deemed advisable that the bank go into liquidation. Some of the stockholders have organized the Exchange Bank of Wheeling, with a capital of $ 200,000, which will succeed to the business of the old bank.

MERCHANTS' BANK OF CANADA.—The annual meeting of the shareholders of the Merchants' Bank was held at the banking house in Montreal on July 7th.

Sir HUGH ALLAN, President, read the annual report of the Board of Directors, which announced that the directors have declared a dividend of five per cent. for the past half year. The banking law requires that the Rest must amount to twenty per cent. on the paid-up capital before a larger dividend than eight per cent. per annum can be paid. The Rest of this bank is now twenty-five per cent. on the paid-up, or twenty per cent. on the nominal capital. The net profit made during the past year was $ 940,968.36, or a little over thirteen per cent. on the average capital. Besides the appropriation to Rest, $ 150,000 was also written off to cover possible losses, leaving the further sum of $ 32,505 to credit of contingent fund.

The death of one of the directors has occurred during the year—Mr. E. Atwater, whose sound judgment and assiduous care were of much service.

The Board of Directors now consists of the following gentlemen: Sir Hugh Allan, President; Hon. John Hamilton, Vice-President; Messrs. Damase Masson, Andrew Allan, W. F. Kay, Hector McKenzie, and Adolphe Roy. Jackson Rae, Esq., is, as heretofore, the General Manager.

The New Law of Bills and Notes in Canada, which comes into operation on the first of August, introduces some important changes. The old law was that notice of the dishonor of a bill or note should be sent to the residence or place of business of the party for whom it was designed, and when the notice was transmitted by post it was necessary to show that the letter was so directed as to reach the party in due course of post. Under the new act it is sufficient to address the notice of dishonor in due time to the party entitled thereto "at the place at which such bill or note is dated." If the party entitled to notice has under his signature on the bill or note designated another place to which the notice may be sent, then it will be sufficient to send it to the place designated. The new act does away with the necessity of giving notice of dishonor at the place of business or residence of the party entitled, unless the note or bill is dated at such place. If the note or bill is not dated at the place of residence or business of the party entitled to notice, under the new law the notice must be sent to the place where the note is dated. The new law, shortly stated, amounts to this: the place of the date of the note, irrespective of residence of the party, is the place to which notice must be sent, but a party entitled to notice may, under his signature on the note, specify any place he chooses, irrespective of his residence or the place where the note is dated, and then notice must be sent to the place so specified.

The act also makes an important alteration in regard to stamping notes. The old law was that a subsequent party to the note might affix the proper stamps or pay double duty if the note was not sufficiently stamped in the first place; but it was doubtful on the authorities whether the payee would be such subsequent party. Now "any holder," whether he is the payee or endorser of the note, may avail himself of all the privileges of stamping given by the old law.

Under the third clause of the "act any bank or any broker who makes, draws, or issues or negotiates, presents for payment, or pays, or takes, or receives, or becomes the holder of any instrument not duly stamped, either as a deposit or in payment, or as a security, or for collection or otherwise, knowing the same not to be duly stamped," &c., and who does not immediately affix the proper stamps, iucurs a penalty of $500.

Under the old law a banker was in the same position as an ordinary holder or party to a note, and was required to affix stamps when a private individual would, under similar circumstances, be required to do so; but under the new law it would seem necessary for a banker or broker who has any dealings whatever with commercial paper liable to duty, to see that it is properly stamped.

The fourth section of the act exempts from duty any bill of exchange drawn and payable outside of Canada.—*Monetary Times, Toronto.*

Eastern Townships' Bank. The annual meeting of stockholders was held at Sherbrooke on June 1st.

The report of the directors presented a favorable view of the bank, and a dividend of four per cent., with a bonus of one per cent., was announced, while the Rest was increased to $240,000, or twenty-five per cent. on the paid-up capital.

A new banking house in Sherbrooke is to be built, the present building being found too small and inconvenient for the business.

At a subsequent meeting of the directors R. W. Heneker, of Sherbrooke, was appointed President, Charles Brooks re-elected Vice-President, and William Farwell, Jr., Cashier.

Metropolitan Bank.—The annual meeting of shareholders was held in Montreal, June 1, and the third report presented. After payment of two dividends at the rate of eight per cent. per annum, the sum of $20,000 was carried to the Rest account, which now amounts to $70,000, being ten per cent. on the paid-up capital of $684,550. At a subsequent meeting Hon. Henry Starnes was elected President, and M. Cuvillier Vice-President.

The Recent History of the Emma Mine.—"More lately there have been certain stormy meetings of the Emma shareholders, who are naturally indig-

nant at finding that they have been long without dividends, and that the shares—which were issued at £20, and which were once we believe quoted upwards of £30—are now saleable only at £2, if indeed any considerable quantity of them could be sold for that price. The statements made at the meeting are in curious contrast with those in the prospectus, and should open the eyes of intending investors in public companies to the tricks that may be played with them. The mine was sold, according to the prospectus as a property yielding £700,000 per annum; and not only so, it was stated that the ore was so abundant and so rich that no attempt had been made to work the mine on commercial principles of economy, and with economy the annual return could be brought up to nearly £800,000—for all which even a million, which was the sum asked, was cheap. But the mine in fact has never yielded anything worth speaking of since the ore which was on the surface when it was sold has been worked up, and Mr. Attwood, the company's engineer, who was sent out by a reformed management to inspect and survey the property, distinctly reported to the two meetings that the mine was in a wretched condition, and that there was nothing to work which would do more than repay the cost of working. The contrast between promise and performance has thus been most painful, and it is difficult to say which is most to be wondered at—the folly of those who believe such statements or the assurance of those who make them."—*London Economist.*

In the *Saturday Review*, of the same date as the above, there appeared an article upon the recent honors paid to the memory of James Fisk, Jr., the closing paragraph of which we subjoin. Its appropriateness will be readily understood by every American who has undertaken to place upon the English market any mining property of real value, but who did not know or would not use the only medium through which the English public could be induced to look at any such investments.

"Nor is this breadth of view exclusively confined to America. Englishmen are always ready, when a Fisk or a Tweed is carrying everything before him on the other side of the Atlantic, to console themselves with the reflection that, though we may be bad enough in our way, at least such things could not happen here. It may be true that the frank and brutal scoundrelism of a Fisk could hardly be reproduced in our tamer and more straitened society, yet the same poison may be found working under somewhat modified conditions. The secret of Fisk's success lay not merely in his impudence and boldness as the leader of great swindles, but in the support he received from men who, having reputations at stake, could not engage openly in such enterprises, but were quite willing to co-operate under safe cover. The convenience of an agent of this kind partly explains the good-natured view which is taken of his acts. It may be doubted whether even in London a floater of bubble companies, no matter how disreputable his antecedents, how notorious his practices, need anticipate much difficulty in finding a backing of respectable people if he can only show that he has skill and courage, and that there is something to be made by his help. His backers might be shy of mixing themselves up with him personally, but they would be quite ready to follow in his wake, and accept what plunder came their way. And if he were discreet, a speculator of this kind might even push his influence much further. Fisk's scandalous habits and contempt for appearances naturally cut him off from decent society, and in this country would no doubt have proved an insurmountable obstacle to his progress. An English Fisk would know the advantage of cultivating the proprieties, of affecting the patronage of art and literature, of advertising his public spirit. His name, on one pretext or another, would be constantly in the newspapers. He would become a public character, seek a pedestal in Parliament, and indulge in even higher aspirations. His success might excite jealousy, but no matter what men might say of him among themselves, he would be too useful, he would have too many indirect and secret confederates in his speculations to fear exposure. When roguery is seen marching so boldly and triumphantly, it is necessary to remember the support which it derives from those 'broad views in regard to human nature' by which Mr. Fisk's friends and admirers justify the monument in commemoration of his honored name."

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized June 22 to July 21, 1874.

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Paid.
2,155	People's National Bank, Rock Island, ILL...	Bailey Davenport .... John Putz.........	$100,000	$50,000
2,156	First National Bank, Farmer City, " ..	James H. Harrison .. Samuel B. Erwin ..	50,000	25,000
2,157	First National Bank, Dallas, TEXAS..	John Kerr .... W. J. Clark.......	100,000	50,000
2,158	Farmer's Nat. Gold Bank, San Jose, CAL.	John W. Hinds...... George P. Sparks..	500,000	250,000

THE PREMIUM ON GOLD AT NEW YORK,

JUNE AND JULY, 1874.

(Continued from July Number, page 83.)

1874.	Lowest.	Highest.		Lowest.	Highest.		Lowest.	Highest.
January ..	10⅛	12⅛	July 1 ...	10½	10⅞	July 13 ...	9¾	9⅞
February .	11⅜	13	2 ...	10½	10⅝	14 ...	9¾	9⅞
March ...	11¼	13⅝	3 ...	10¼	10⅝	15 ...	9¾	9⅞
April	11¾	14⅜	4 ...	Holiday.		16 ...	9¾	9⅞
May	11⅞	13⅛				17 ...	9⅞	10
June	10½	12¼	6 ...	10	10⅜	18 ...	10	10¼
June 24 ..	11⅜	12	7 ...	9¾	10⅛			
25 ..	11⅜	11¾	8 ...	9⅝	9⅞	20 ...	10⅛	10¼
26 ..	11⅛	11⅜	9 ...	9¾	10	21 ...	10	10¼
27 ..	11¼	11¼	10 ...	9¾	10	22 ...	9¾	10⅛
29 ..	11	11	11 ...	9⅞	10	23 ...	9¾	10⅛
30 ..	11	11¼				24 ...	9⅝	9⅞

MONTHLY PREMIUM ON GOLD, 1868–73.

DATE.	1868.		1869.		1870.		1871.		1872.		1873.	
January ..	33¼	42¼	34⅝	36¾	19⅝	23¼	10½	11¼	8⅛	10⅛	11⅝	14¼
February .	39⅝	44	30⅞	38⅛	15	21½	10¾	12¼	9½	11	12⅞	15⅛
March ...	37⅞	41⅜	30¼	32½	10¼	16⅜	10⅛	11⅝	9¾	10½	14⅝	18½
April	37¾	40⅜	31⅜	34¾	11½	15⅝	10⅛	11¾	9⅞	13¼	16¾	19½
May......	39⅛	40½	34⅛	44¾	13¾	15½	11	12¼	12⅛	14⅜	16⅝	18⅝
June	39⅜	41¼	37	39⅝	10⅞	14¾	11¾	13⅛	13	14¾	15	18¼
July	40¼	45¼	34	37⅞	11⅛	22¾	11¾	13⅝	13½	15¼	15	16⅜
August ...	43½	50	31¼	37⅝	14¾	22	11⅝	13¼	12½	15⅝	14⅜	16¼
September	41⅛	45⅛	30¾	62½	12¾	16¾	12¾	15⅜	12¾	15⅛	10⅞	16⅛
October...	33¾	40½	28⅛	31¾	11⅛	14¼	11½	15	12¼	15⅛	7⅝	11¼
November	32⅛	37	21⅛	28⅜	10	13½	10⅜	12⅜	11⅜	14¼	6⅛	12⅝
December.	34⅜	36¾	19¼	24	10¼	11⅜	8⅜	10⅜	11⅜	13½	8⅜	10½

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from July Number, page 81.)

☞ Additions for this list are solicited from the subscribers to this work.

Adams & McHarg, 33 Wall Street.
Andrews, Mackay & Co., 14 Wall Street.
William B. Beekman, 4 Broad Street.
H. & J. Clark, 62 Broadway.
Eakin & Co., 33 Nassau Street.
Iselin & Barker, 19 Broad Street.
B. Murray, Jr., 38 Pine Street.
John S. Tilney & Co., 11 Wall Street.

NEW YORK CITY.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Auburn, CAL.	Andrews & Hollenbeck	Wells, Fargo & Co.
Canon City, COL.	Fremont Co. Bank	Kountze Bros.
Waterbury, CONN.	Holmes & Parsons	N. Shoe & Leather Bank.
West Winsted, "	E. R. Beardsley	Hanover National Bank.
Sioux Falls, DAKOTA	John D. Cameron & Co.	Bank of North America.
Chicago, ILL.	German-American Bank	....
Farmer City, "	First National Bank	....
La Harpe, "	Hungate, Ward & Co.	Merchants' Exch. Nat. Bank.
Nashville, "	Washington Co. Bank	*None.*
Rock Island, "	People's National Bank	....
Shawneetown, "	M. M. Pool & Co	Norton, Slaughter Co.
Fort Wayne, IND.	Hamilton Bank	Winslow, Lanier & Co.
Clam Lake, MICH.	Wexford Co. Bank	....
Fulton, MO.	Southern Bank of Fulton	Donnell, Lawson & Co.
Columbus, NEB.	Turner & Hulst	Saunders & Hardenbergh.
Schenectady, N. Y.	City Bank	Hanover National Bank.
Port Clinton, OHIO.	S. A. Magruder & Co.	Dry Goods Bank.
Philadelphia, PA.	Fell, Wray & Co	Drexel, Morgan & Co.
" "	Elliott, Sons & Co	Drexel, Morgan & Co.
" "	F. S. Bond & Co	Glendinning, Davis & Amory
Providence, R. I.	Mead & Earle	Vermilye & Co.
Dallas, TEXAS	First National Bank	Donnell, Lawson & Co.
Wheeling, WEST VA.	Exchange Bank of Wheeling	....

LIABILITY OF EXPRESS COMPANIES.—A suit brought by the Bank of Louisville and the Planters' Bank against the Adams Express Company, in the United States Court at Louisville, was decided by Judge Ballard on July 14th, in favor of the Express Company. These banks, some five years since, intrusted with this company $16,000 to be conveyed to them from a point in Louisiana. While in transit the money was destroyed by fire, the result of an accident to a bridge in the State of Tennessee. An appeal will be taken to the United States Supreme Court.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from July No., page 82.)

JULY, 1874.

☞ Banks are requested to furnish prompt notice of any future changes.

Name of Bank.	*Elected.*	*In place of*
Commercial Ins. & Banking Co., Augusta, GA..........	W. T. Wheless, *Pres*.......	James W. Davies.
City National B., Chicago, ILL.	Winslow Bushnell, *Pres*....	Asa D. Reed.
Farmers' Exchange and Loan B., Edwardsville, "	Jule L. Prickett, *Cash*......	William H. Jones.
First National Bank, Lawrenceburg, IND......	Henry Fitch, *Pres*.........	Peter Braun.
First Nat. B., El Dorado, KAN..	Neil Wilkie, *Pres*.........	William P. Gossard.
" " " ..	A. H. Gossard, *Cash*.......	John S. Danford.
First N. B., New Bedford, MASS.	Walter P. Winsor, *Cash*....	John P. Barker.
Asiatic Nat. Bank, Salem, " .	Leonard H. Harrington, *Pr.*	Joseph S. Cabot.
First N. B., West Amesbury," .	D. J. Poore, Jr., *Cash*.	J. L. Pearson.
Lawrence Co.B.,Pierce City,Mo.	A. L. White, *Pres*.........	J. Linzee.
First Nat. B., Omaha City, NEB.	H. W. Yates, *Cash*........	Augustus Kountze.
First Nat. B., Jersey City, N. J.	E. F. C. Young, *Cash*......	Michael Sandford.
Union Bank, " " .	Michael Sandford, *Pres*....	Geo. W. Cassidy.
Second Nat. B.,Cleveland, OHIO.	H. Garretson, *Pres*.........	Amasa Stone, Jr.
Defiance Nat. B., Defiance, " .	James A. Orcutt, *Pres*.....	Virgil Squire.
Foxburg SavingsB.,Foxburg,PA.	John F. Merrill, *Cash*.....	R. J. Moorhead.
Peoples' Bank of South Caro., Charleston, S. C......	W. Geo. Gibbs, *Cash*......	J. B. Betts.
Parke Savings B., Madison,WIS.	J. B. Bowen, *Pres*.........	George A. Mason.

TWENTY-CENT PIECES.—Among the bills passed by the Senate in the expiring hours of the session was one authorizing the coinage of twenty-cent pieces by United States Mints. This would afford a reform long needed by citizens of the Pacific coast, who have tolerated from necessity the obnoxious "bit" for the want of any coin between the ten and twenty-five cent pieces. Unfortunately the bill alluded to was not acted upon by the House.

FORGED CIRCULAR NOTES.—A telegram from the National Bank of Scotland, London, to Messrs. Brown Brothers & Co., says: "Forged circular notes purporting to be issued from this office afloat. Caution in cashing and identification necessary."

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from July No., page 82.*)*

NEW YORK CITY.

Adams, McHarg & Co.	Merrill, Tilney & Co.
Beekman Bros. & Hollins.	B. Murray, Jr., & Co.
Thomas Eakin & Co.	Nathan, Kitchen & Co.
Ketcham & Clark.	Walker, Andrews & Co.
Lassing, Wies & Co.	

CALIFORNIA.—Hubbard & Andrews, *Auburn*, (succeeded by Andrews & Hollenbeck).

CONNECTICUT.—Brown & Parsons, *Waterbury*, (now Holmes & Parsons).

ILLINOIS.—Bank of Chicago, *Chicago, (in liquidation)*; Germania Bank and German-American Savings Bank, *Chicago*, (consolidated under name of German-American Bank); Charles F. Gill & Co., *La Harpe*, (sold out to Hungate, Ward & Co).

INDIANA.—Allen, Hamilton & Co., *Fort Wayne*, (changed to Hamilton Bank).

MISSOURI.—Callaway Southern Savings Bank, *Fulton*, (name changed to Southern Bank of Fulton); Hannibal Savings Bank, *Hannibal*.

OHIO.—Magruder, Graves & Magruder, *Port Clinton*, (succeeded by S. A. Magruder & Co).

PENNSYLVANIA.—Elliott, Collins & Co., *Philadelphia*, (succeeded by Elliott, Sons & Co); Gilbough, Bond & Co., *Philadelphia*, (succeeded by F. S. Bond & Co).

WEST VIRGINIA.—Merchants' National Bank, *Wheeling*, (in voluntary liquidation).

FRAUD IN CANADA.—A case which recently occurred in London, Ontario, is recorded in the *Monetary Times*, of Toronto. A lately organized banking institution was the victim. To its newly-appointed agent came the proprietor of a patent brick machine, possessed of good address and of unlimited cheek, representing that he was about to enter upon a large business in the manufacture of bricks in that city. He, of course, would want some accommodation. This was all satisfactorily arranged. Meantime it transpired that the appointment of the bank's agent was conditional upon his obtaining subscriptions to the stock of the institution to the amount of $50,000. In this contingency the brick man was willing to act liberally, and subscribed for $20,000 of the stock. The institution then discounted for him a note for $5,000, of which $2,000 went to pay the first call of ten per cent. on the shares, $1,000 was taken in a draft on New York, and as the balance was "not required," a deposit receipt was issued therefor. Once in possession of this receipt the brick man sold it to a broker and disappeared. "Experience is a dear school." The bank has the note, and a useless lawsuit in progress with the holder of the receipt; and thus ends a new chapter of "The Innocents Abroad."

NOTES ON THE MONEY MARKET.

NEW YORK, JULY 22, 1874.

Exchange on London, at sixty days' sight, 4.87 *a* 4.87½ *in gold.*

Slight occasional perturbations with little change in prices permanently, and general dullness, describe the market for the past month. Money rates have been regular, call loans averaging 2½ per cent., and bank interest tending below full legal rates.

The following table exhibits the city bank movement progressively, from week to week. The loans show an increase of $3,523,500, and the deposits of $10,054,400, indicating a market of great ease and dullness. The amount of *clearings*, that is, of the gross exchanges through the Clearing House, show a decline of activity in business in the proportion of 428 to 386. The Treasury balances, being maintained at nearly a dead level, exert no influence on the market.

	June 27.	*July* 3.	*July* 11.	*July* 18.
Loans	$281,791,500	$287,422,200	$287,088,400	$285,315,000
Deposits	232,929,200	241,445,500	243,525,600	242,983,600
Specie	19,714,300	21,934,300	27,375,400	27,755,300
Circulation	26,511,300	25,863,900	25,923,700	25,727,500
Legal Tenders	62,923,200	63,660,500	61,335,100	61,853,700
Clearings	428,251,302	426,905,576	444,578,340	386,300,411
QUOTATIONS:				
Gold	111¼	110⅜	109⅞	110⅛
U. S. 5-20s, January and July	121	116⅝	117	117¼
U. S. new Fives	114⅜	113½	112⅝	*111
Western Union Telegraph	74¼	75	72¾	72¾
New York Central & Hudson R.	100⅛	99⅞	99⅛	100¼
Lake Shore	76¼	76¼	73⅛	73⅝
Chicago and Rock Island	100⅛	101¼	97¼	98⅞
New Jersey Central	108½	107¾	105½	106
Erie	31½	31⅞	31⅜	33
Bills on London, 60 days'	4.87¾ *a* 4.88	4.87½ *a* 4.87¾	4.86½ *a* 4.86¾	4.86½ *a* 4.87½
Treasury balances	152,955,748	142,793,116	144,064,453	144,695,117

* Ex. int.

The new Currency bill went into operation on the 27th of June, the immediate consequence of which was to add $6,627,000 to the City Bank reserve. At that date the whole reserve was $82,637,500, which was in excess of the amount required by law about twenty-four and a half millions. The stock and security market showed the influence of this favorable condition by a speculative rise in shares of nearly 7 per cent. maximum, which, however, was not fully maintained. The law has been in operation too short a time to justify any positive predictions of its permanent influence.

The process of refunding the Six-per-cent. stocks, which was interrupted by the panic in September last, has been taken up by Secretary Bristow. The favorable state of the money market, it is supposed, will make it feasible gradually to convert the whole remainder into Five per cents.

The July interest payments, which are generally made in the first week of the month, amounted in gross to about sixty-five or sixty-six million dollars, of which the Government part was twenty-five millions in gold and two millions in currency. The city banks declared dividends in gross of about $2,700,000. The Savings banks of New York and Brooklyn declared between six and seven millions.

Treasurer Spinner has issued a circular with instructions that National Bank notes must not be cancelled before remittance to the department. That is the business of the Treasurer. The first deposit of five per cent. must be made in legal-tender notes; but after that, National bank notes will be received. Any excess over the 5 per cent. required will be remitted for by the Treasurer in legal-tender notes. Payment for such excess cannot be made in drafts. Assistant-Treasurers are instructed to receive, on account of transfers of deposit, such notes as are redeemable at their full face value at the Treasury department.

Treasurer Spinner writes also that "the National bank currency has, in the course of three weeks, been reduced within a fraction of $2,000,000. This," he adds, "is certainly anything but inflation of the currency. A very short time will satisfy all reasonable persons that the law is conservative, and that while it tolerates perfect freedom and equal rights to all, (*sic.*) it was conceived in, and based upon correct principles of banking and finance." We fancy it is hardly time yet to pronounce authoritatively what the law will accomplish. The times are dull, and our paper circulation is not wanted. But as soon as the crops are ready for transport, it is surmised by those who have traveled through the West and seen the fields "growing white unto harvest," that the demand may again be in excess of the supply. At all events it is prudent to withhold judgment for the present.

The amount of circulation of broken banks yet to be received by the Treasury at Washington is over $4,000,000. The tardiness with which this circulation is sent in arises chiefly from the fact that it carries a premium, founded on the value of the privilege connected with it of organizing a new bank. If it were a specie-paying currency, it would pour in at about the same rate that the Mississippi river lately poured itself out over the levees. That terrible flood, let us rejoice as we may, is likely to enrich the great valley as the Nile enriches Egypt, and there is little doubt that the final benefit will be far greater than the loss.

The total of receipts of Internal Revenue for the fiscal year ending June 30th, 1874, was $101,578,960.

The receipts for duties in gold for the fiscal year ending June 30th, amounted to $113,570,041, subject only to such clerical corrections as are incident to exact revision. The amount of interest paid out in gold for the same time, was about $63,000,000. This probably does not include all payments on foreign account.

The total of our exports, exclusive of specie, from January 1 to July 21, amounted to $163,943,315, which exceeds the exports for the corresponding time in 1872, by 44 million dollars, and in 1873, a little less than 7 millions.

The exports of gold and silver from New York, for the year closing July 1, were as follows:

July	$10,838,643	..	January	$2,660,508
August	2,198,542	..	February	2,980,862
September	1,502,625	..	March	2,527,822
October	2,107,447	..	April	2,467,005
November	2,545,842	..	May	12,775,800
December	2,447,271	..	June	6,913,755
				$51,966,122
			For the year previous	59,627,723
			Decrease for 1874	$7,661,601

The development of California challenges rivalry. In two years the State has realized $40,000,000 from wheat alone. Two of her mines only have produced $30,000,000. The crops now maturing exceed those of any former year, and the mines are more prolific than for years past.

The U. S. Mint at San Francisco has coined during the year just closed $22.302,500 in gold, and $2,550,500 in silver. The gold coinage was mostly of double eagles, all the lower denominations together amounting to only $402.500. Of silver there were $2,121,000 in trade dollars; $241,000 in half-dollars; $129,000 in quarters; and $50,500 in dimes. The coiner worked 2,170,113.90 ounces in gold ingots, and 4,070,051.88 ounces in silver ingots, equal to 74 tons of gold and 140 tons of silver.

Ex-Secretary of the Treasury McCulloch is quoted as having expressed the opinion that the New Currency bill passed by Congress on the spur of adjournment, is not calculated to have much effect one way or another—an opinion which seems to be shared by an increasing number of people every day. A very distinguished and acute gentleman, high in Treasury circles at Washington, has written to a bank officer in New York, that he thinks it will be about as effective as a bombardment of potato punches through quill pop-guns against the plated sides of a rhinoceros.

At a late Democratic Convention in Indiana, resolutions were adopted in favor of paying off our National Five-twenties in greenback currency—by which there will be no injustice done i the greenbacks are first made equal to gold.

The facility with which false reports of the condition of banks can be imposed on the Comp troller of the Currency seems to be something extraordinary; as also is the number of "tails" which develop in each case which comes to light. The history of the Ocean Bank is an exam ple. Five additional arrests have recently been made of bank officers charged with malfeasance under the administration of Callender. Mr. Ellis, late President of the Commonwealt National Bank, Union Adams, late President and Charles Hudson late Cashier of the Eight National Bank, as well as two of the directors, are held under bail. The manner in which ap pointments are made, is the door through which these offences originate. They are mostl brought about by the personal influence of some ponderous and influential man or men, wit very little knowledge on the part of the appointing power, of the real character, qualifications or disqualifications of the appointees. The result is then apt to be a slipping out of the offende through some well-oiled crevice, such as smart, technical lawyers know how to take advantag of—and why should they not know, when they make the crevice to meet the emergency?— Wanted—higher integrity, and a less pliable conscience among men!

The Committee appointed by Congress to investigate the charges against Mr. Davis, Re ceiver of the Ocean Bank, have made an exonerating report, and it is now said that the asset will be sufficient, in all probability, to pay the depositors. The best hope that is entertaine by the stockholders is, that they will get off without losing anything beyond their million do lars of capital. The building which was put up by the bank is now in course of demolition t make room for another structure, so that the last relic of this unfortunate institution will shortl disappear from sight.

DEATHS.

In Defiance, Ohio, on Thursday, May 28th, aged sixty-five years, Virgil Squire, Pres dent of the Defiance National Bank.

In Chattanooga, Tenn., on Wednesday, July 8th, Colonel T. R. Stanley, Vice-Pres dent of the First National Bank of Chattanooga.

In New York, on Saturday, July 18th, aged sixty years, James Winslow, of the firm o Winslow, Lanier & Co., and Vice-President of the Third National Bank, of New York.

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FINANCIAL PLANS OF THE DAY.

THE PLAN OF MR. JOHN EARL WILLIAMS.

We place on record in the present number of the magazine, a plan for the immediate establishment of a "specie currency," by our highly esteemed fellow-citizen, Mr. JOHN EARL WILLIAMS, President of the METROPOLITAN NATIONAL BANK. He proposes that "Congress shall assume at once the inherent and sovereign prerogative of a government" and issue the whole amount of paper money required by the country, allowing no other, and thus constitute "a uniform National currency." With this new currency which is not to be legal tender, the Government is to buy at the market price all the bonds now in pledge by the National banks, whence it becomes the owner of the circulation based on them; and is also to retire the present volume of legal tenders. The process is to be gradual, and being one of simple substitution, does not involve the question of contraction or expansion. That part of the funded debt represented by the bank bonds now in pledge will be cancelled. The new currency which Mr. WILLIAMS describes as "coin notes," will be redeemable in specie at the Treasury of the United States. To provide the specie, the Government may issue and sell 150 million dollars of five-per-cent. bonds; and it must aim to keep that amount of coin on hand as a minimum perpetually.

The amount of currency necessary to start with is estimated at 800 million dollars. A certain percentage is to be added from year to year, to maintain the volume in due relation with the progressive increase of business, and to cover the amount lost or destroyed.

A contingent class of bonds bearing from 3 to 5 per cent. interest is to be kept in issue for alternate conversion with the currency, to absorb it when there is an excess caused by a lull in the markets, and to restore it when these resume their activity.

The theory of Mr. WILLIAMS is that 800 million dollars of paper money will be a proximate measurement of the present volume of business in the country; and that a closer measurement will result from the corrective process of conversion and reconversion of bonds and currency.

These are the principal features of the plan. One of the first fruits of carrying it into effect, we apprehend, would be to force into liquidation all those banks which depend materially on the interest of their hypothecated bonds. There would be little inducement for any bank to continue in existence, which has not a considerable deposit fund to supplement its capital as a base for loans.

There is no little plausibility, at first sight, in a proposition that promises to convert 800 million dollars of tax-bearing debt into 800 million dollars of Treasury notes, redeemable in specie on presentation! Such, if we understand it correctly, is the veritable thing that it promises to do. Instead of allowing the 382 million of legal-tender notes to be funded, as has heretofore been the prospect, they are to be made a permanent circulation forever; and the next following statement of the public debt would then show 800 million less than its present face. We are to bear in mind that the hinge on which this rather astonishing *coup de finance* turns, is, the positive constitution by solemn enactment of Congress of a volume of paper money to be maintained in perpetuity of 800 million dollars. This is not a new experiment, and we may readily anticipate its issue. "The farce," says Judge PIERREPONT, "of attempting to create property by legislative enactment, was long since played-out by older nations, and always with the same disastrous results." It would appear at last that this would be no more than an enlargement of the experiment that we are already engaged in with our legal-tender notes.

Mr. Williams lays great stress, and very properly, on the importance of a "uniform National currency." But we have this already. There is no fact connected with our present banking system that has so condoned its imperfections, and done so much to make the mass of people indifferent to the resumption of specie payments, as the exemption from discount on bank bills while passing from one part of the country to another, and in remittance for debt. They overlook entirely the loss sustained by the depreciation of the whole currency below the specie standard, which is ten or

twenty times greater than was ever imposed even in the worst of times by the old local "shaves." They seem to forget utterly that the loss is spread over the total expenditure of living, including rent, food, clothing, and the last item of outlay, down to a row of pins. It is a singular example of the facility with which men deceive themselves and even grow happy under delusion, to hear a hot-brained advocate of our system of irredeemable paper money, counting over his savings of one or two per cent. on traveling expenses between New York and St. Louis, and meanwhile exhibiting the most pleasing unconsciousness that the whole mass of his property and business is melting out of existence in the shape of taxes, frauds, and public demoralization of which Heaven only knows the possible final result!

After a legislative body has been long vexed by impracticable schemes to surmount a great difficulty, it is very apt to yield in a careless or reckless moment, to some plausible proposition like that of paying off 800 millions of debt by turning the crank of a printing machine. "My dear Sir, you save 50 million a-year in interest, and instead of so much debt, you have so much money! You literally coin your debt into dollars!" Wherefore, it need surprise no man, if Congress, on reassembling in December next, should adopt the plan proposed by Mr. WILLIAMS. We are probably destined to go over the same ground for the third time, that we did in 1791, and 1811, and at last, when there are no more new experiments to be tried, fall back on the common experience of the world, and discover, as Judge PIERREPONT put it, in his oration from which we quoted so liberally last month, "that the American people are subject to the same laws of nature and finance as other mortals; that a promise to pay a dollar is not a dollar, any more than a promise to deliver a horse for a load of wheat received, is a horse; that our industries are paralyzed because confidence has ceased; and that the issue of a thousand millions of new greenbacks would not restore the lost confidence for an hour, or revive trade in the least."

There is one feature of Mr. Williams' plan which we unhesitatingly commend—that is, the separation of the deposit and discount business of banks from all complication with the circulating currency. The relation of depositor or dealer, with a bank, is in reality, one of pure credit. It is a perfect absurdity to hold deposits payable in specie. To this incongruity we owe all of our suspensions of specie payments. The bank deposit is not money, as is seen at once when we reflect that it consists for the greater part, of the proceeds of commercial paper discounted. We shall never be free from the overhanging terror of panic and suspension until this absurdity of our present banking theory is repealed. To this we shall necessarily come, if we ever succeed in maintaining a sound specie currency.

THE NEW LOAN AND THE RISE IN THE BANK OF ENGLAND RATE.

The Bank of England at the commencement of last month advanced its rate quite unexpectedly from 2½ to 4 per cent. As this movement took place about the time of the negotiation of our new loan, the theory has been suggested that the rise in the rate was prompted by a desire to compromise the success of that negotiation. So far as appears there is no foundation for the rumor.

Since the suspension of specie payments by the Bank of France, the position of the Bank of England has greatly changed towards European finance and the international exchanges. The last-named institution can no longer draw gold from the former as it previously could. Indeed, one of the objects for which the Bank of France suspended specie payments, was to protect its coin reserve.

That suspension throws upon the Bank of England the whole pressure of any drain of gold which may develop itself anywhere in Europe. This is evident from two reasons: first, the Bank of England is the great clearing house through which are liquidated the vast transactions of European commerce. These credits amounting to thousands of millions a year, are all done on the basis of gold. Hence, it follows that the Bank of England has to find gold for international payments at certain crises of unfavorable exchange, whether or not the gold shipment is demanded as at present by foreign government operations.

The cash reserves in the vaults of the Bank of England are the only fund which that institution can fall back upon for such shipments. Formerly it was not so. There were two such funds; the reserve of the Bank of England, and the reserve of the Bank of France. The latter being now sealed up by suspension, the Bank of England is compelled to rely upon itself, and is limited to one reserve instead of two. As long ago as 1871 this change was pointed out and demonstrated by an American financial authority, and it is now generally recognized.

One consequence of the new situation is that the English money market has become more sensitive, more feverish, and more given to change in its rate of discount. For some months past, it has been hoped that a period of more settled ease and stability had come. This anticipation gave a stimulus to certain branches of trade, but the hopeful prospect seems to have been suddenly and unexpectedly menaced.

It is well known that the Bank of England has been losing gold. During the fortnight in which the advance was made to 4

per cent. this drain of gold amounted to no less than £1,656,000. Besides this, an unusually heavy amount of notes were outstanding of large denominations. This indicated the danger that the holders of these notes kept them for the purpose of withdrawing gold from the bank. The surmise was confirmed by the fact that these extra notes amounting to a million sterling, had been taken out since the beginning of June. This appears from the following table showing the active circulation of the Bank of England during the current year as compared with that of the year previous.

COMPARATIVE VIEW OF THE BANK OF ENGLAND CIRCULATION, 1873 AND 1874.

Week ending		1873. £	1874. £	*Increase.* £
January	1	25,561,205	25,807,070	245,865
	8	26,013,720	26,097,425	83,705
	15	25,533,825	25,914,760	380,935
	22	25,141,985	25,785,165	643,180
	29	24,857,310	25,359,360	502,050
February	5	25,294,230	26,009,930	715,700
	12	24,882,845	25,315,860	433,015
	19	24,828,095	24,997,985	169,890
	26	24,532,690	24,817,790	285,100
March	5	25,244,475	25,673,630	429,155
	12	24,747,010	25,115,425	368,415
	19	24,613,065	25,108,770	495,705
	26	25,191,320	25,635,830	444,510
April	2	26,110,085	26,620,110	510,025
	9	26,283,755	26,733,750	449,995
	16	26,253,600	20,436,710	183,110
	23	26,000,000	26,176,000	176,000
	30	26,169,700	26,260,935	91,235
May	7	26,387,805	26,681,395	293,590
	14	25,982,890	26,435,605	452,715
	21	25,642,090	26,147,830	505,740
	28	25,329,390	25,770,795	441,405
June	4	25,823,125	26,042,560	219,435
	11	25,023,065	26,009,925	986,860
	18	24,891,200	25,629,900	738,700
	25	25,279,270	25,894,710	615,410
July	2	26,060,885	27,089,915	1,029,030
	9	26,197,390	27,276,125	1,078,735
	16	26,101,560	27,214,155	1,112,595

The argument assumes that this year England requires for legitimate business about the same aggregate of notes as last year: and that any excess at present is caused by hoarding for the purpose stated. Of course it is not proved conclusively that the large notes taken out since June are really being held for the purpose of drawing gold from the Bank, but the bank authorities had other evidence, and no doubt the view ascribed to them was, to some extent, correct. Nicholas Biddle once saved a branch of the United States bank by a similar act of watchfulness. He observed for some days a mysterious absorption of claims on the branch establishment. Day after day the amount increased and at last it struck Mr. Biddle that somebody, for political purposes,

wished to damage the credit of the bank by breaking one of its distant branches. This was all the evidence he had, but, acting on his interpretation, he immediately and with the profoundest secrecy *took* an ample sum of specie down to the branch and awaited the expected attack. A day or two after his arrival the assault was made. A gentleman, well known to Mr. Biddle and much surprised to find him at the post of danger, presented notes, drafts and other claims to an immense amount. "How will you have it?" said Mr. Biddle. "Must have it in gold, absolutely." After finding that Mr. Biddle had the gold ready and insisted on his carting it off without delay, the conspirator was glad to come to terms, and actually had to pay, it is said, a commission to Mr. Biddle, before that scrupulous functionary would consent to accept so cumbersome a deposit of specie from one dealer.

Now, we do not for a moment suggest that any conspiracy like that which Mr. Biddle defeated, is on foot in London. Something a little like it was attempted by Overend Gurneys on a memorable occasion when the assailants were baffled as they deserved. But at present the demand for gold in London is perfectly legitimate, and arises from two sources: First, the Bank of France wants gold, and has increased its coin reserve from 153 million dollars in January, to 265 millions at present. The object of this accumulation, as we have recently shown, is to prepare for specie payments. Secondly, gold is wanted, and may at any time be drawn from London by the German Government, which holds a large balance of cash in the London Joint-Stock Bank, and observes great secrecy in its manipulation of that balance. Besides this, the Bank of England has not strengthened its reserve so much as many persons believe it should have done. The subjoined table shows that the reserve of coin was down to 23 millions on the 22d of July, since which there was a further decrease to 21½ millions before the advance was made to 4 per cent.:

Situation of the Bank prior to Raising its Rate.

Date.	*Circulation.*	*Coin and Bullion.*	*Deposits.*	*Securities in Banking Dep.*	*Reserve.*	*Rate per cent.*
	£	£	£	£	£	
April 8	26,733,750	22,250,889	26,570,446	34,086,139	10,517,139	3½
15	26,436,710	22,238,650	25,752,146	33,023,717	10,801,940	3½
22	26,176,000	22,239,185	25,981,806	33,006,994	11,063,185	3½
29	26,260,935	21,654,753	32,557,052	40,235,443	10,393,818	4
May 6	26,681,395	21,289,947	27,126,096	35,587,838	9,608,552	4
13	26,435,605	21,228,299	25,755,906	34,050,546	9,792,694	4
20	26,147,830	21,615,835	24,973,845	32,629,139	10,468,005	4
27	25,770,795	21,760,235	24,997,464	32,105,880	10,989,440	3½
June 3	26,042,560	22,391,896	25,535,208	32,242,254	11,349,336	3
10	26,009,925	22,696,716	25,539,180	31,905,775	11,686,791	3
17	25,659,900	23,625,634	26,621,056	31,706,048	12,995,734	2½
24	25,894,710	23,969,450	26,490,808	31,462,720	13,074,740	2½
July 1	27,089,915	23,929,601	29,863,919	36,149,872	11,839,686	2½
8	27,276,125	23,256,856	25,391,660	32,679,156	10,980,731	2½
15	27,214,155	23,047,779	23,754,701	31,250,013	10,833,624	2½
22	26,953,775	23,196,065	23,372,559	30,426,242	11,242,290	2½

This proves that the bank had abundant reason for advancing its rate. But two questions are raised by way of objection: First, we are asked why the bank did not advance its rate more slowly? And why 1 per cent. was put on all at once? The answer is that the bank could not do as is recommended without violating a principle upon which it has invariably acted for the last fourteen years. In 1860, Mr. Göschen who is looked upon as a future Chancellor of the Exchequer, and has already won distinction in several minor cabinet offices, recommended that the Bank of England should raise their rate by steps of 1 per cent. at a time, instead of ½ per cent., if the object of the rise was to affect the foreign exchanges. This suggestion was immediately adopted and has been in operation ever since. Before that time they used to raise their rate by steps of ½ per cent. whether their purpose was to act upon the foreign exchanges or not. Mr. Göschen's argument is very suggestive. He says: "Between the rates in London and Paris, the expense of sending gold to and fro having been reduced to a minimum between the two cities, the difference can never be very great; but it must not be forgotten that the interest being taken at a percentage calculated per annum, and the probable profit having, when an operation in three-months bills is contemplated, to be divided by four, whereas the percentage of expense has to be wholly borne by the one transaction, a very slight expense becomes a great impediment. If the cost is only ½ per cent. there must be a profit of 2 per cent. in the rate of interest, or ½ per cent. on three months, before any advantage commences; and thus, supposing that Paris capitalists calculate that they can send their gold over to England for ½ per cent. expense, and chance their being so favored by the exchanges as to draw it back without any cost at all, there must nevertheless be an excess of more than 2 per cent. in the London rate of interest over that of Paris, before the operation of sending gold over from France, merely for the sake of the higher interest, will pay."

Such were the arguments by which Mr. Göschen induced the bank in 1860 to adopt the policy of raising its rate rapidly whenever it had to deal with a foreign drain. Mr. Bagehot, in his book on *Lombard Street*, commends very highly this new method of dealing with foreign drains of gold. Its beneficial results he says were palpable and speedy. By it the bank was enabled to sustain the great drain of silver between 1862 and 1865, when American cotton was not to be had and the Indian cotton substituted had to be paid for in the precious metals. Mr. Palgrave defends this new principle in a recent article in the *Fortnightly Review;* he says very justly, that Mr. Göschen, the first man to point out the need of it, was instructed in this point by his wider knowledge of exchange operations. Popular hostility, from the very earliest beginning of its action, has assailed this new plan, and many conflicting arguments have been urged against it.

To the objection that it is totally novel, Mr. Palgrave replies that the same charge of novelty may be brought against every-

thing else in the "City." The whole mechanism of the money market is of modern growth. Bearing the old names we find an entirely new set of personages. He pursues this argument as follows: "To many people the "City" wears a kind of traditional, it might almost be said of sentimental, antiquity. If most persons are aware that Sir Richard Whittington was not a bank director, it is quite probable that they might suppose that Sir Thomas Gresham was one. But the "City" of the present day is scarcely more distant, practically, in the mode of carrying on business, from the times of Queen Elizabeth, than from the times of the last King William. Our existing arrangements in spirit, if not in form, belong to the last quarter of a century. Strictly speaking, the present epoch dates from the act of 1844. But how different that was from the present period may be judged by the fact that of one hundred and ninety-four changes in the bank rate of discount between 1844 and 1872 only twenty-eight—an average of less than three a year—took place in the first ten years. In the last eighteen years, the changes averaged more than nine a year. It is quite true that the years 1867 and 1868 were comparatively quiescent, and that only five changes took place in these two years. But at the present rate of progress, about a year and a-half would witness as many changes now as the ten between the end of 1844 and 1854; and changes not only more frequent, but more vehement in intensity. The year 1873 witnessed more changes than any twelvemonth before. The rate of 10 per cent. has only been twice reached by the Bank of England during any crisis of the money market; but he would be a bold man who would stake his reputation now on an opinion that 10 per cent. would be the maximum in the next crisis. Meantime, it is obvious that fluctuations, besides being more frequent, become more acute. Higher rates are more frequently charged. The rises not only proceed by wider steps, so to say, but continue to be more sharp. This alteration is the result of the larger necessities of the times. It is of no use meeting a sharp demand caused by a foreign drain with a small rise in the Bank rate. To raise it ½ per cent. is absolutely useless." We need not cite further evidence, that the recent rise was in accordance with the settled policy of the Bank of England, and that it will not bear any other interpretation which has been put upon it. The advance of the rate to 4 per cent. was not made to prejudice our new loan, as the ingenious objectors have surmised, nor could it possibly have been so intended.

But there is another objection to which we have referred. It challenges the whole policy of raising the rate of interest with a view to protect the Bank of England and to check a drain of gold either foreign or domestic. This objection rests on the principle that the rate of interest should be governed by the free play of the loan market, and that its movements should not be liable to artificial disturbance from causes exterior to the country, such as the present French or German demand for gold. Business,

these men argue, is done on too narrow a basis of profit to admit of the mercantile burdens for interest rising 50 or 75 per cent. in a week or two without grave dangers. Our space forbids any detailed examination of this much disputed question which must be deferred to a future opportunity. For thirty years it has been the subject of acrimonious discussion in England. The banking interest which has been so powerful in Parliament is well content to let the present policy go on. The mercantile interest would fain change that policy, but they are so divided in opinion as to what shall be substituted for it, that, as happened last year when Mr. Gladstone and Mr. Lowe attempted a reform, it was soon found that nothing could be done till the opinions of the House were more crystalized and definite. Three great requisites, it has been often said, must be looked for in the financial system of England or of any other great commercial nation. The system is set up to supply capital to industry and trade. First, therefore, it must supply that capital in a steady stream with as few interruptions as possible. Secondly, it must give forth its capital at a uniform charge, or as nearly so as the case admits. Thirdly, the supply must be so reliable that men in trade may look ahead and be able to make engagements for three months, or six months, or even for a year or more, without having their schemes in danger of ruin from defects in the supply of capital or from exorbitant charges for its use. Thus, the money market with its complex organism has been compared to the water supply of a great city. Its streams must be regular in supply, steady in price, and thoroughly reliable for to-morrow as well as to-day, that men may make their calculations and that the life of society may go on. The Bank of France has often been pointed to as an exemplar which the Bank of England would do well to study. The first Napoleon said the Bank of France had no other *raison d'être* than to lend money at 4 per cent. Accordingly, its rate has been as remarkable for steadiness as that of its neighbor, the Bank of England, for change. Thousands of men of business are said to be ruined every year through the instability given to trade by the monetary spasms which originate in the Bank of England, and in the frequent changes of its rate of discount.

To palliate the evil and to prevent the necessity for such numerous and severe changes, it has been of late proposed that the Bank of England should keep a much heavier coin balance, and should sometimes meet a foreign drain by even resorting to the plan of buying gold abroad. "Why," it is asked, "should the Bank throw the whole business of Great Britain into confusion, destroy millions of her capital, and derange the calculations and contracts of thousands of her manufacturers and merchants by raising the rate of interest, when the difficulty to be met is not a home difficulty, but a difficulty abroad?" This question has never received a satisfactory answer. It will most likely come up again before long in Parliament, as many circumstances are occurring which seem to render its discussion inevitable.

For several reasons our money market is now more dependent upon that of England than for many years past. The coming discussion therefore on the bank question will be watched with much interest not unmingled with anxiety. Two things are spoken of as likely to be recommended in Parliament. The first is the "palliative" which we have suggested above. It proposes to compel the Bank of England to hold a greater reserve of coin. But the expense this would put on the Bank is an obvious impediment. "Is it just," the bank very properly asks, "to make any such compulsory demand. If the bank holds, as it does, an average of 30 per cent. or more against its liabilities, what more can the principles of good banking require?" A curious answer has been attempted by the London *Economist* and by its editor, Mr. Bagehot, in his book alluded to above. He says the Bank of England is by custom the "Bankers' Bank," and is in that capacity expected at its own expense to accommodate all the great joint-stock banks which have grown up around it, by holding a reserve of coin amply sufficient both for itself and for them. This expectation, he adds, the bank is bound to fulfill and it is absolutely useless to think or try to make a reform.

This singular theory was first proposed, we believe, in 1866, after the panic of that year. Of course, no one doubted that the great joint-stock banks "expected" all that Mr. Bagehot claimed for them, if not more. What was denied was that their expectations were founded on any legal claim or moral right. Mr. Thomas Hankey, whose long experience as a director of the Bank of England, gives to his opinions so much weight throughout the financial world, took an early opportunity of boldly denying all such claims. Among other things, he said, *The Economist* newspaper has put forth what, in my opinion, is the most mischievous doctrine ever broached in the monetary or banking world in this country; viz., that it is the proper function of the Bank of England to keep money available at all times to supply the demands of bankers who have rendered their own assets unavailable. Until such a doctrine is repudiated by the banking interest, the difficulty of pursuing any sound principle of banking in London will be always very great. The undoubted duty of the Bank is to hold its deposits in the most available securities, reserving generally about one-third in cash. Whenever a sudden pressure invades the money market, from whatever cause, the Bank should bear its full share of the drain on its resources. But it ought not to be asked to do much more than this, and I confess my surprise at finding an advocate for such an opinion in the *Economist*. Our contemporary made a very able reply to Mr. Hankey, the gist of which was that it did not defend the system of a single bank reserve as wise or safe, but as being the system which existed and which must be worked as it could not be changed.

The second remedy, which is expected to be proposed in the House of Commons, rests on the principle advocated by Mr. Hankey. It declares that all the banks of London should not be

allowed to depend on the reserve of the Bank of England, but should be compelled to go to the expense of keeping their reserve in their own vaults. Sir Robert Peel, it is argued, should have embodied in the Bank Act of 1844 a provision compelling the other banks of the city to publish weekly statements of their reserves and liabilities, like that exacted of the Bank of England. Some of the advocates of this plan go so far as to say that Sir Robert Peel intended at one time to have inserted such a provision in the law. A story is told of him, which we do not vouch for, though it is far from improbable. An American merchant, distinguished as a financier, so the story runs, had taken great pains to inform Sir Robert as to the best systems of American banking, and insisted especially on the principle which was then advocated here, that every bank which receives deposits or issues circulation should be compelled to do two things, to publish its accounts frequently, and to hold compulsory reserves. In the Bank Act of 1844, this principle was at one time on the eve of being introduced. In accounting for its omission, Sir Robert could give no other reason than that the House of Commons was so constituted that it could not settle two great banking questions in one session.. The currency question was, therefore, settled by the act of 1844, while the question of reserves and publicity, as applied to deposit banking have remained open to the present time.

So far as regards our own money market it is a point of little importance whether the one or the other of these two rival schemes gets the victory. What we are interested in is that the present sources of trouble should be wisely and effectually dealt with, and that the changes in the rate of the Bank of England should be less violent and numerous than they have been in the past, or are expected to be in the immediate future. Which of the two proposed remedies goes nearest to the root of the evil, is too obvious to need proof. Mr. Bagehot himself confesses that his plan claims support only because of its superior practicability and ease of enforcement. We must here, however, close the present notice of this dispute. It has already been sufficiently examined, both for our specific purpose and also to show that the disposition of some of our people to throw, without reason, blame and responsibility on the Bank of England, has its counterpart in Great Britain, and that that institution is apt sometimes to receive, both at home and abroad, a good deal of rebuke and reproof which it scarcely deserves.

MR. BRISTOW, THE SYNDICATE AND THE PUBLIC CREDIT.

Among the questions which Wall Street is agitating relative to the recent loan, attention is just now concentrating on one point, namely, whether or not the result is favorable to the National credit. Those who argue in the affirmative say very truly that we have at least taken a new departure, and begun once more the too long suspended work of funding the public debt. These gentlemen rest their whole argument on the principle that by beginning our funding operations now, we shall be able to take advantage of a favorable conjuncture in the European money markets, and that by delay these advantages would be lost. On the other side, their opponents declare that these benefits may be purchased at too high a price, and they contend that Mr. Bristow has made a doubtful bargain. Both these arguments are popular and deserve examination.

As to the first, there is no doubt of the desirableness, not to say the necessity, that we should begin the fiscal year without a deficit, and without the immediate prospect of one. We have just had such a deficit for the first time in many years. To it we owe the inflation of the currency by 26 millions of greenbacks issued as a forced loan to meet the wants of the Treasury after the panic. This deficit might have been prevented if we had had to pay 4 per cent. instead of 6 per cent. on the major part of our bonds. If, as is claimed, the negotiation concluded July 28th with Messrs. Belmont and Seligman, is really a preliminary intended to facilitate the exchange of our outstanding Sixes for Fours, then the Treasury will be relieved, and the prospect of a future deficit will be considerably diminished.

The main difficulty turns therefore on the question whether the assumption here made is correct, and whether the sale of this lot of Fives will really open the European markets to an early reception of the Four per cents. To answer this question let us see what has been done. Mr. Bristow two months ago offered 179 millions of Fives, 10 millions of which have been subscribed for by various parties whose offers were accepted July 23d, as we shall presently explain. Besides these 10 millions Mr. Bristow has also sold 45 millions to the Syndicate, to whom he has given the option of taking the remainder of the loan at any time prior to the 1st February. For this option the Syndicate pay nothing whatever. The bonds they are to purchase at par in coin or five-twenties; and they are to receive one-quarter per cent. commission, out of which they must defray all the expenses of the transaction including the delivery of the bonds.

Such are the main conditions of the contract. It appears then that Mr. Bristow has actually negotiated 55 millions of Fives and no more. He relies, however, on the representations made to him by the Syndicate, that if they are allowed for six months to control the foreign markets, they will be able not only to work off the remainder of these bonds, amounting to 124 millions, but that in the process the general demand for United States securities will be enhanced, and these bonds will take their place among the active investment securities. This control over the foreign demand is virtually conceded to the Syndicate by the option which, while it does not bind them at all, gives them the command of the market because it binds Mr. Bristow not to sell these bonds to any body else during the whole term of six months.

How far the representations to Mr. Bristow will be fulfilled remains to be seen. For ourselves we have been inclined to regard the prospect favorably. There were originally three Syndicates, each of which proposed taking "firm" a large amount of bonds. The offers and conditions were so much more advantageous than those of former negotiations, and showed so favorable a prospect in the home and foreign markets, that the Treasury decided to invite tenders, with the object of avoiding favoritism and securing the advantages of competitive bidding. In response to his circular, the Secretary received tenders aggregating some 20 millions from the general public, in addition to a joint bid from the Rothschild Syndicate for 55 millions. Of the 20 millions of miscellaneous bids some 10 millions were at par and upwards, free of commissions. These the Secretary deemed it right to accept, although the 55 million bid was conditioned upon the exclusion of other awards. The other 10 millions were cumbered with conditions rendering their acceptance impossible if a contract was to be made with the Syndicate. It must also be noted that the Rothschild's bid was conditioned upon an option of twelve months. In the negotiations that followed the opening of the bids this condition was modified. With a view to conform to the wishes of the Secretary the time of the option was shortened to six months and will terminate as we have said on the 1st of February. Other changes were made, the chief of which is that the "firm" amount was reduced from 55 millions to 45 millions to provide for the award of the 10 millions to the public. Moreover it was agreed that to some extent the arrangement for deliveries and payments should be in Europe. This was done to avoid the disturbance of the exchange market which would have grown out of a restriction to American deliveries, and might have seriously threatened the success of the proposed efforts for negotiating the Fours hereafter.

On the whole, it cannot be denied that this negotiation has brought to Mr. Bristow's aid a powerful Syndicate of bankers. The best force of all the three parties above mentioned is now united in one body, which, for promise and influence, has never been surpassed in any previous like negotiation. The Syndicate

is composed of the Rothschilds who take about one-half of the loan, and admit into their partnership their London, Paris, and Frankfort firms, with A. Belmont & Co. in this city. The residue of the loan is divided as follows: one moiety to Messrs. Seligman, representing the Credit Foncier, and about ten to fifteen continental firms. The other moiety to the First National Bank of this city in conjunction with Messrs. McCulloch & Co., of London.

Strong as is this Syndicate, our expectation of a successful issue of the funding movement rests on other foundations also. Some of these are connected with the large stores of idle capital seeking in Europe for investment; others with the scarcity of the right sort of securities in which its owners will be content to risk this capital. By the combined agency of these two forces,—the plethora of capital on one side, and the growing scarcity of trusty securities on the other,—the markets of Europe are in such a condition that from the mere course of events, our securities have been absorbed in Europe, and would be taken with much more rapidity than in the past, even if we had no Syndicate at work to aid by their manipulations the natural development of the demand.

We might mention also the French loans, of which about $500,000,000 are said to have been in the first instance subscribed by capitalists exterior to France, but to have been since for the most part absorbed by French investors. A large amount of French Rentes, formerly afloat in the European markets, are thus tending homewards and quitting the place they filled in the reservoir of the money market. The consequence is that a vacuum has been created and the movement is still said to be going on. We have here an illustration of what some writers have seen fit to call the "political scepticism" of France. No matter how perturbed and foul the scum and surface of the political cauldron may be, France always believes that this ugly superficial film is nothing, and that the liquor is rich and clear below. This political "scepticism" many of us would rather call by another name. It is just now a positive force in the money market, and if it has not been over-estimated, it is destined to produce results which incidentally favor our funding operations.

Moreover, our success is the more probable from the circumstance that the bonds are already in Europe which we intend to redeem with our present loan. This loan is often called a new loan. In one sense, it can scarcely be with propriety so designated. Our Government is not making a new loan, except to pay off an old one. Virtually what we are doing is a simple exchanging of one sort of securities for another. The only complication is, perhaps, that the Sixes we call in are held in Germany, while the Fives with which we replace them will be chiefly bought and subscribed for outside of Germany. From this complication spring the reasons which make it so desirable for us to have the aid of a Syndicate to do the work.

We cannot dwell longer on these somewhat tedious details.

What has been said will show that Mr. Bristow had good grounds for believing that the arrangement he concluded with the Syndicate might reasonably be expected to bring about at an early day the negotiation of the Fours, which are the bulk of the aggregate loan that he is dealing with.

Whether he has made a bad bargain or not, it is obviously premature as yet to decide. Perhaps, he might have got a higher price, and if so, he should not have granted the option to the Syndicate for nothing. They should have paid something for it. As to the price, it is argued that the Syndicate wanted the bonds, and would have gladly paid for them one or two per cent. more, rather than to have missed the chance of getting them. With regard to the option, it is objected that its only effect is to give a monopoly to the Syndicate, which, considering the small amount of capital, fifteen millions sterling, which they invest in the loan, ought not to have been conceded. The objectors ridicule the idea that such an extensive combination of financial forces was needful for the exchanging of fifteen millions sterling of Sixes for an equal amount of Fives. It is urged, moreover, that while these foreign bankers have been permitted to claim a quarter per cent. commission, American bankers of the very highest standing have been refused this commission, and their bids have been rejected though they offered, like the Syndicate, par in coin; this price being really higher and more advantageous to the Government than that accepted from the Syndicate, because it burdened the Government with no option, asked for no monopoly, and hampered no future negotiations.

Another critique on Mr. Bristow's "bad bargain," is that the Syndicate will be able when it suits their purpose to put up the new Fives to 4 or 5 per cent. premium, and that their large profits thus derived will be augmented by the command they will acquire over the foreign exchanges during the active season over which their contract extends. There is considerable plausibility in several of these objections. Much of their popular force springs from the uncertainty whether the Fives will really work off the Fours as designed. In this connection, we may notice a new interpretation of the supplementary law of January, 1871. By this act, the law of 1870 was modified so that while the total loan still remained at 1,500 millions, 500 millions were to be Fives. Now the question is as to the other 1,000 millions. One party answer that this residue of 1,000 millions may be all Four per cents., and they found their opinion on the notorious fact that 1,000 millions was the amount of four per cents. authorized in the original law of 1870. On the other hand, it is argued that this interpretation would prevent the issue of any 4½ per cent. bonds whatsoever, so that the effect of the law of 1871 would be to cancel the 4½ per cents., and to substitute fives for them. If this had been the intention of Congress it would have been so stated. This controversy is not of much immediate importance. It has its origin in the report that preparations are making in Washington for the

printing of the 4½ per cent. bonds. The main value of the dispute for our purpose is in the proof it gives of the improvemen of the public credit and of the general belief that no more Five will need to be issued for funding purposes, and that our futur operations can be and must be chiefly done at 4 per cent.

We must next proceed to notice an important objection offere to the recent loan by men of financial experience who think tha we are beginning at the wrong end, and that if we would establish the public credit, we should first establish specie payments There is evident force in this argument. At present, however, th popular mind does not seem to be in a favorable condition for th adoption of any early resumption policy. Still a reaction in it favor is predicted, and indications are not wanting which seem t confirm the anticipation. Several arguments are urged in suppor of the opinion that resumption should precede and prepare th way for the funding of the public debt.—First, the resumption o specie payments would strengthen the general credit of the Treasury by removing the stigma of suspension. As a merchant wh has had suspended paper afloat, rises in credit when his depre ciated paper is paid at par, so it is contended would the Unite States raise its credit when its suspended greenbacks are mad payable in coin. This argument has so often been urged, and i is in itself so familiar and convincing that we need not discuss i further now.—We pass to the second point, which is that by defer ring specie payments indefinitely, as the last Congress seemed dis posed to do, an obstacle was placed in the way of our fundin operations which must seriously threaten their success. So muc weight is ascribed to this view that the recent addition of 26 million to our greenback issues has been computed by some persons to b equivalent to 1 per cent. on our bonds held abroad. In other word a class of capital that ought to have willingly invested itself in Unite States bonds at 4 per cent., would now refuse to take them, so tha we should be obliged to accept another class of foreign capital a not less than 5 per cent.—A third argument, which is often heard is that we have been wasting precious opportunities for preparin to fund the debt, whenever, during the past nine years we hav reversed our progress towards resumption, or have allowed ou manipulations of the interest-bearing debt to derange and distur the currency. During the war such derangement was, perhaps, in evitable. But immediately on the return of peace, the policy wa started of liberating the currency from its entanglements with th interest-bearing obligations of the Government. This policy wa not steadily pursued and at last it was abruptly stopped by th law of 4th February, 1868, which absolutely prohibited the Secre tary of the Treasury from cancelling greenbacks without supplyin their place immediately with new notes. Had that law not bee passed, and had the powers of the Treasury been used wisely fo the reform of the currency, it is believed that not only woul specie payments have been long ago resumed, but that the wor of refunding the debt at 4 per cent., if not already accomplished would be comparatively easy.

Finally, it is argued that the public credit would receive an impulse from the preliminary arrangements needful to prepare for specie payments, and that these preliminaries, besides their proper work of leading to resumption, would play an important part in upholding the general credit of the Treasury. For example, we are pointed to the coin balance held in the Treasury vaults. For some months past its sum has but little exceeded the accrued interest on the public debt. Consequently, no part of the coin balance of the Treasury can fairly be said to be held as security for the greenbacks. Formerly, more than 100 millions of coin were occasionally held in the Treasury, and the settled policy of the Government required a large coin balance.

This policy has been too long dormant. Whenever we begin to prepare for specie payments public opinion will call for a heavy balance of coin in the Treasury. How large a reserve is needful to guarantee 482 millions of greenbacks we do not here inquire; it is more to the purpose to remind our readers of the frequent regrets which so many of us heard and repeated during the last panic, when it was lamented that the Government balance was so meagre and insufficient. Indeed, the principle is too notorious to need further support by argument, that whatsoever policy we adopt with a view to reform our greenback currency and bring it up to par, that policy, if it be wise, conservative and efficient, will tend both directly and indirectly to improve the credit of our interest-bearing debt both at home and abroad.

From this brief review of Mr. Bristow's contract with the Syndicate and of its general relations to the public credit, it is evident that we are entering upon a new era in our Government finance. All through the war, when our immense debt was so rapidly growing, we were shut out of the richest channels in which money could be borrowed in Europe. Those channels seem now to be opening of their own accord for our advantage. The obvious caution therefore suggests itself that we should not be in so great a hurry, as some persons propose, to avail ourselves of these new facilities. The money markets of Europe have a plethora of loanable funds, and there is much more capital at four than at five per cent. Our Government debt offers one of the safest investments in the world. Old prejudices are fast disappearing. English capitalists allowed those of Germany years ago to make immense profits by the purchase of our Government bonds. There are a thousand indications that England hereafter will be the largest investor in our securities. But among our British cousins the growth of new ideas is gradual and the advance of new movements is slow. We can afford to wait rather than to mar the future by too much haste. Before another funding loan is taken up we have therefore in these facts a new incentive to currency reform and an additional reason to prepare for specie payments.

THE BANKING SYSTEM OF SWITZERLAND.

The growth of credit institutions in Europe has been often illustrated in our pages, and in no continental country are certain features of that growth better exhibited than in Switzerland. Forty years ago there were but three banks in the country. Now there are more than eighty, of which twenty-nine are banks of circulation. Of these, which are in many respects the most important, we give the following table, showing the date when each bank was founded and the general growth of the system from 1869 to 1873:

GROWTH OF THE SWISS BANKING SYSTEM, 1869–1873.

When estab- lished.	*Name.*	*Capital. francs.*	*Circulation.* 1869. *francs.*	1873. *francs.*	*Coin Reserve. francs.*
1834	Bank of Berne	6,000,000	1,466,000	3,649,000	——
1836	Bank of Zurich	6,000,000	2,070,000	2,691,000	——
1837	Bank of Saint-Gall	4,500,000	1,839,000	3,479,000	1,327,422
1844	Bank of Bâle	4,000,000	596,000	2,174,000	2,661,923
1845	Bank of Commerce, Genève	5,000,000	1,837,000	6,535,000	4,072,596
—	Bank of Vaud	6,000,000	2,791,000	4,342,000	——
1848	Bank of Genève	2,500,000	851,000	1,800,000	——
1850	Canton Bank of Fribourg	2,340,000	360,000	770,000	367,670
1851	Bank of Thurgovia	3,000,000	353,000	590,000	——
1852	Bank of Glaris	2,250,000	400,000	686,000	367,473
1853	Bank of Fribourg	395,000	55,000	112,000	48,059
1854	Bank of Argovia	4,000,000	219,000	856,000	1,497,066
—	Pledge Bank of Fribourg	2,400,000	139,000	38,000	118,789
—	Bank of Neuchâtel	3,000,000	1,120,000	4,012,000	——
1856	Bank of Lucerne	2,500,000	207,000	623,000	582,913
1857	Bank of Soleure	2,000,000	266,000	929,000	——
—	Bank of Valais	——	300,000	——	——
1860	Bank of Tessin	1,000,000	169,000	260,000	450,849
1862	Savings Bank of Glaris	663,000	——	198,000	145,148
—	Bank of Grisons	1,500,000	159,000	447,000	237,531
—	Bank of Schaffhouse	1,500,000	127,000	488,000	179,172
1863	Federal Bank at Berne	9,000,000	1,399,000	3,309,000	2,129,073
—	Bank of Toggenbourg	2,000,000	430,000	557,000	212,637
1866	Bank of Broye	398,000	54,000	98,000	42,897
1867	Bank of Saint-Gall	4,000,000	1,174,000	2,453,000	——
1868	Bank of Bâle-campagne	1,000,000	——	170,000	——
1870	Canton Bank of Thurgovia	1,376,000	——	722,000	214,047
—	Bank of Zurich	6,000,000	——	4,912,000	——
1871	Canton Bank of Grisons	——	——	706,000	237,531
	Total	84,322,000	18,381,000	47,606,000	14,892,790

A plan somewhat resembling the well-known Suffolk-Bank system of Massachusetts, has been established by some of these banks. It has its central office at the Bank of Commerce, at Geneva; and comprehends at present ten associated banks, or nearly one-half of the whole. These banks have in consequence increased their

circulation, that of the Bank of Commerce having risen from 1,837,000 francs in 1869, to 6,535,000 francs in 1873. The total circulation of all the banks has risen from 18,381,000 francs in 1869, to 47,606,000 francs in 1873. This rapid expansion of bank issues is not believed to threaten any suspension of specie payments. There is an ample coin reserve amounting to 14,892,796 francs, which is about 31.3 per cent. of the aggregate circulation to be protected. This seems an ample safeguard against depreciation.

Still it is almost certain that specie payments could not be kept up in Switzerland if the Bank of France had not kept its notes at par; so close is the connection between the monetary and financial organization of the two countries. It will be observed that since the suspension of the Bank of France the paper issues of the Swiss banks have increased nearly three-fold. Moreover, in 1864, there were twenty banks with a circulation of 15 million francs, and in 1866, twenty-five banks with a circulation of 18 millions. In several banks, such as the Pledge Bank or *Caisse Hypothécaire* of Fribourg, the circulation shows a decrease or only a slight increase.

These banks, most of them, lend their money on real estate or other security of long date not readily convertible into cash. Experience there, as here, seems to have taught the lesson that on such securities as these, banks cannot safely lend capital which they borrow from the public on call. In almost all the banks there is a restriction as to the amount of notes which may be issued. The maximum is fixed at double the capital, while a coin reserve is exacted of one-third of the circulation. Five banks have a monopoly in their respective cantons, those of Vaud, Neuchâtel, Valais, Tessin, and Basle. But these exclusive privileges do not prevent the distant banks from establishing branches within the same neighborhood. Thus the Federal Bank of Berne has a branch at Lausanne, and another at Chaux de Fonds, in the Canton of Neuchâtel. This Federal Bank, it may be stated, is such in name only, and has no rank, or privilege, or monopoly in which it out-ranks the other banks.

The capital of the Swiss banks of circulation varies from 395,000 francs for the People's Bank of La Gruyère, to 12 millions of francs, which is the capital of the Federal Bank of Berne as increased in 1874. Four banks have a capital of 6 millions each, one of 5 millions, four of 4 millions, two of 3 millions, and seven of 2 millions. The general average is a little below three millions for each bank. The aggregate capital of the Swiss banks has rapidly increased. From 43 millions of francs in 1860, it increased to 54,600,000 in 1864, and to 73,357,784 francs, including surplus, in 1869. The general prosperity of the banking system is shown by the ample dividends earned for its capital, and by the steady increase in the amount of its surplus. In 1873, the banks paid a general average of 8 per cent. on the par value of their capital. The highest was 10 per cent. for the Canton Bank of Tessin, and 6.75 per cent. for the Pledge Bank

of Fribourg. Only one institution, the Canton Bank of Valais, has been in embarrassment, the cause being the acts of the Canton Government, which has made drafts upon its resources and its credit in aid of the Treasury. The Federal Bank of Berne had in 1870 a deficit of 3 millions of francs through the defalcation of the cashier at its branch establishment at Zurich.

The Swiss banks discount local bills with two signatures, the rate varying within moderate limits, seldom exceeding 4 to 5 per cent. Above 6 per cent. the rate never rises, except in Geneva and some other towns of active industry, which are now and then exposed to the fluctuations of foreign money markets. Most of the banks pay interest on deposits both for current accounts and for money held on time. The interest paid on deposits varies from 3 to 5 per cent.

In 1873, the Bank of Commerce of Geneva reported its aggregate of discounts at 126 millions of francs. This sum is 48 millions more than in 1872, 73 millions more than in 1871, and it is nearly triple that of 1870. From these figures, it is evident that the growth of the industrial enterprise of Switzerland since the Franco-German war must have been enormous.

Beside these banks of circulation, there are about 60 other banking institutions which receive deposits and make loans. In their constitution and management, some of them resemble our trust companies, others our mortgage companies, while others again are more like the finance companies of England, or the Credit Foncier, and the Credit Mobilier of France. This class of institutions have received a rapid development for several years past by the construction of new railways, as well as from other causes. Several of these banks have a large capital. The Credit Suisse at Zurich has 20,000,000 francs; the Bank of Winterthur in the Canton of Zurich, 15,000,000 francs; the Bank of Commerce at Basle, 8,000,000 francs; the Union Bank of Basle, 12,000,000; and the Pledge Bank of Berne, 7,000,000 francs. Of these Pledge banks in Switzerland there are 15; and no more than three of them issue circulation. Their organization resembles the Credit Foncier or mortgage companies of other countries, except that they have more elasticity in their methods. Whether any sacrifice of safety will result, a sufficient lapse of time has not yet occurred to show. Many of these institutions lend money to farmers for moving their crops, and discount for this purpose the notes of the farmers. The rate of loans on hypothecated pledges varies from 4½ to 6 per cent. in these institutions, and the net profits are generally 6 to 7 per cent., though in some cases less than 5 per cent.

The Savings banks of Switzerland hold deposits amounting to 180 millions of francs. They are not under government control as are the Savings banks of England whose assets are all deposited in the National Treasury. The Swiss Savings banks, like those of the United States, are under government supervision; but they control heir own moneys. They have also more freedom than our Savings

banks, as they can use their money both for loans or hypothecated pledges, and also for the discount of commercial paper of the highest grade. During the last ten years the Savings bank deposits have doubled. We cannot enter into further details relative to the Swiss banking system. Enough has been said to illustrate three points. First, the energy with which that system has developed shows how actively it has sympathized with the industrial reaction of the last few years. Though chiefly agricultural, Switzerland has always had a strong tendency to manufacturing industry. Its commerce is restricted by its inland position, and is carried on through the four surrounding States, Austria, Italy, Germany and France, the French trade being the greatest. According to the census of 1860 there are 1,095,447 individuals supported by agriculture either wholly or in part. The manufactories employed at the same date, 216,468 persons, the handicrafts 241,425. In the canton of Basle the manufacture of silk ribbons amounted to the annual value of 37 million francs, and employed 6,000 persons. In the canton of Zurich, silk stuffs to the value of 40 millions of francs are made by 12,000 operatives. The manufacture of watches and jewelry in the cantons of Neuchâtel, Geneva, Vaud, Berne, and Salothurn occupies 36,000 workmen, who produce annually 500,000 watches—three-sevenths of the quantity of gold, and four-sevenths of silver—valued at 45 million francs. In the cantons of St. Gall and Appenzell 6,000 workers made 10 million francs of embroidery annually. The printing and dyeing factories of Glarus turn out goods to the value of 150,000 francs per annum. The manufacture of cotton goods employs upwards of 1,000,000 spindles, 4,000 looms, and 20,000 operatives, besides 38,000 hand-loom weavers. It will be interesting to compare with these figures the reports of the last census, which was taken December 1st, 1870, but as only being in part reported to the public. At this census there were but five towns with more than 20,000 inhabitants; viz., Geneva, seat of the watch and jewelry industry, with 46,783; Basle, centre of the silk industry, with 44,834; Berne, political capital, with 36,001; Lausanne, with 26,520; and Zurich, with 21,199 inhabitants. The total population was 2,669,147, of which it is estimated that there are but half a million of persons who have no landed property. From these statistics the probability is suggested to which we shall refer more particularly hereafter, that much of the expansion of the banking system in Geneva is due to finance operations in France and other populous neighboring countries. Still, making allowance for this element of increase, the most healthy part of the financial growth of Switzerland is due no doubt to industrial development at home.

Secondly, another general fact, illustrated by the Swiss banking system, is the tendency of modern finance to centralization. The two and a-half millions of inhabitants of Switzerland are divided into 22 Cantons or sovereign States, all of which have separate governmental machinery, and several of them their own State bank. Indeed, the system has many points of resemblance to our

old State-banking system. But since 1848, when the new federal constitution was established, the old Swiss bank monopolies, with their exclusive privileges, were menaced, and the project has been agitated with more and more success to create a National or Federal bank like the Bank of France. If any catastrophe should befall the banking system, this scheme of centralization is not unlikely to be successful. Its friends contend that it would give support to the public credit, stability to the money market, and elasticity to the currency. They also argue that the establishment of a central bank would create those advantages of unity in which the present banking system is so deficient. To understand this, it is necessary to remember that the Swiss banks of circulation are of three kinds. 1. There have been founded under the auspices of some of the Cantons, and often with Government aid, privileged banks endowed with the monopoly of the circulation and designated Canton banks. 2. In a few Cantons, charters have been given to one or more banks in which the State has no authority or ownership, having simply authorized them by charter. 3. There are in other Cantons private banks which have sprung up by the side of Canton banks, where the latter have not been endowed with an exclusive monopoly. To obtain more uniformity has long been the desire of an active party of Swiss financiers. Petitions in its favor have several times been sent to the Federal Assembly. Quite recently in the new federal constitution an article has been adopted giving to the federal authorities powers to legislate on the emission of bank notes and on the guarantees exacted for redemption on demand. But these new powers are expressly limited in such a way that bank notes cannot be made a legal tender, nor can the exclusive monopoly of issue be given to any bank.

Thirdly, our banking system differs from that of the Swiss in nothing perhaps more than in the relative importance of banks of circulation. In this country, three-fourths of the loaning power wielded by our credit system belongs, perhaps, to institutions which issue circulation. No more than one-fourth of its loaning power belongs to those banks and credit institutions which issue no notes. If this estimate be correct for the United States, it illustrates our defective development in that part of the credit organization which comprehends trust companies, mortgage companies, finance companies, that lend on securities of long date, such as ordinary mercantile banks cannot take. Our deficiency in this particular is in part compensated by the ease with which foreign capital can invest itself in this country by the purchase of our securities. In Switzerland, the invasion of foreign capital has taken a different form. It has preferred to create credit and finance companies, most of which are doing well. Two or three of these foreign institutions have indeed failed. It is, however, a noteworthy circumstance that no bank of circulation has ever failed in Switzerland.

M. WOLOWSKI, THE CREDIT FONCIER, AND THE FRENCH MARKET FOR OUR BONDS.

It has not generally been expected that France would be a large purchaser of United States securities for some years to come. The report is however current, and is mentioned elsewhere, that among the parties forming the new Syndicate is the Crédit Foncier, of which M. Wolowski is the founder and chief. Inquiries are being consequently made as to what are the probable prospects of the French demand, and also as to who is M. Wolowski and what are the character and status of the Crédit Foncier.

As to the last part of these inquiries, the Crédit Foncier is one of the soundest of the numerous credit institutions started in France during the Second Empire. It was organized by M. Wolowski in 1852, under the name of the *Compagnie de Crédit Foncier* at Paris. The Government of Louis Napoleon looked favorably upon the enterprise, and it was soon afterwards chartered as the *Crédit Foncier de France.* One of its prominent objects has always been to lend money to farmers on the security of their real estate. In an early number of the BANKER'S MAGAZINE we shall give a detailed history of this and similar institutions on the continent of Europe, where they have been long established, though from peculiar circumstances none of them have yet been started in England and but few of them in this country. The Crédit Foncier of France ranks among the most flourishing and prosperous institutions of its kind in Europe. We could not have desired a more fit auxiliary for the negotiation of our bonds.

The question whether any such demand is to be expected has been too hastily answered in the negative. Compared with the probable English demand for our securities, their absorption by investors in France must of course be small. But the fact that the Crédit Foncier and other financial institutions of France have been making inquiries, shows with sufficient clearness what is the opinion of French bankers who have the most experience and the best information. The Berlin correspondent of the London *Times* offered lately some explanations which throw light on this subject. The bankers at Berlin, from whom this writer evidently derived his information, have had abundant opportunity and incentive during the last three years for making proper inquiries into the financial strength of France. "According to the best judges," this writer says, "the annual income of the French must be calculated at 30 milliards, and their surplus at 8 milliards, per year." In other words, the French people earn 6,000 millions of dollars a year by their national industry. Out of this sum the cost of living has to be met. This outlay is set down at 4,400 millions, including the Government and the army. The residue of 1,600 millions of dollars of savings is added every year to the funds

which the frugal French accumulate for investment. With such a rapid rise in the reservoir of loanable funds it is reasonable to expect that some of these funds will invest themselves in the best foreign government securities, and the bonds of the United States are taking their proper place in the list of such securities in the Bourses of Europe. For these reasons, therefore, as well as for others too numerous to mention, it is supposed that a moderate demand, at first small, but gradually increasing, may be relied on. Our securities have long been dealt in at Paris, and it is gratifying to find that the dealings are likely to be enlarged.

With regard to M. Wolowski, who has been one of the foremost economists and financiers of Paris for nearly a quarter of a century, he is a member of the French Institute, and since 1839 he has been the Professor of Legislation at the Conservatoire des Arts et Métiers. In 1848 he was created a member of the Council of that body. Though taking so conspicuous a part in French affairs, M. Wolowski is of Polish extraction. He was born in 1810, at Warsaw, where his father was for many years President of the Polish Diet. He was educated in France from 1823 to 1827. He took an active part in the Polish revolution of 1830, filled several military and civil offices, and after the suppression of the movement, by the capture of Warsaw, 8th September, 1831, he resolved to stay in France, whither he had been sent as Secretary of Legation. In 1834, two years after the ukase incorporating Poland as an integral part of the Russian Empire, Wolowski renounced his nationality, received letters of naturalization in France, and took no further interest in any of the abortive insurrections which have since been attempted in Poland.

With characteristic ardor, and with the subtle pliancy and fertility of resource for which he is distinguished, Wolowski threw himself into the intellectual and economic movements which were fostered by Louis Phillippe, in Paris. In 1833 he established the *Revue de Législation et de Jurisprudence*, and soon obtained distinction for his investigations into industrial and financial subjects, which he pursued in conjunction with M. Leon Fancher. His prominence as a statistician and economist led to his appointment to the Chair of Legislation at the Conservatoire.

During the ten years prior to 1848 he took no active interest in politics. His liberal opinions and broad views were, however, well known from his lectures and writings. During the troubles of 1848, after the proclamation of the Republic, Wolowski was elected representative to the Constituent Assembly for the department of the Seine. He here pursued an enlightened conservative course, took an active share in all the great parliamentary discussions on finance and trade, and was re-elected to the Legislature. After the coup d'état of 2d December, 1851, the Legislative Assembly was dissolved, the National Guard was disbanded and Wolowski's political career came abruptly to an end. He immediately set about the organization of his Crédit Foncier and resumed his labors at the Conservatoire.

His course of lectures at that institution interrupted his public writings, which had previously been quite voluminous. As early as 1839 he had published a work on the Mobilization du Crédit Foncier. In 1843 he brought out a treatise of great value on commercial frauds, and in 1845 another work on the organization of labor. His *Studies on Political Economy and Statistics* and his book on the *Organization of the Crédit Foncier* were all intended to prepare the public mind for the practical schemes of finance for which the industrial development of France offered so inviting a field.

In 1864 he brought out an important work on the currency, which has contributed much to his influence both in France and abroad. In 1866 his foreign correspondence and growing reputation suggested his elaborate work on the Bank of England and the banks of Scotland. His latest work is a volume of speeches delivered before the National Assembly, enriched with numerous notes and statistical illustrations and published in 1872. This volume contains the chief labors of M. Wolowski since the Franco-Prussian war and the establishment of the Republic. During the Empire, as we have said, he held no political office, but declined to do so. He was a contributor on Economics and Free Trade to the *Siècle*, the *Journal des Economistes*, and to the *Revue des Deux Mondes*. In those journals he wrote extensively, and was a well-known defender of the principles of sound finance and commercial liberty. The admirable weekly journal, the *Economiste Francais*, also publishes him as one of its contributors, with Michel Chevalier, Maurice Block, Alphonse Courtois fils, Armand Husson, and other well-known financial authorities.

At the complementary elections of July 2, 1871, Wolowski was elected Representative of the Department of the Seine to the National Assembly by 147,042 votes out of 290,823 voters. He has spoken frequently on all the great financial difficulties with which the French Parliament has had to deal during the last three years. The pith and substance of many of the best of these speeches is embodied in the volume to which we have referred. It will be followed, we trust, by a second series of speeches covering the eventful period that has since elapsed.

The sagacity and straightforwardness of M. Wolowski are illustrated in the policy he has invariably proposed, both in and out of the National Assembly, for the Bank of France. As an example, we may cite his recent proposal relative to the debt due to the bank from the French Government. The last mails inform us that the bank has refused to accept the Wolowski plan, but the result will probably show that he and the National Assembly which passed the law were in the right. The circumstances were these. During the war the Bank of France advanced large sums to the Government, and it was settled that these loans should be repaid at the rate of 200 millions of francs a year. This annuity has been punctually paid until this year, when the Government

was unable to pay so much. After prolonged discussion, Wolowski gave one of his clear and convincing expositions of the situation, and showed the mischievous results to the bank and to the Government credit of letting these payments to the bank become uncertain and deficient in promptitude. He showed that the smallest sum which the bank ought to be asked to accept was 150 millions in place of 200 millions. The law was passed making this provision, but as the bank authorities under previous laws and contracts had a right to object, and to refuse to accede to the diminution of their annuity, they did so, and made a counter proposition. This plan was that the bank should lend the Government 80 millions, out of which the Government could pay the deficit of 50 millions, and add beside 30 millions to its reserve. The only effect of this compromise, which has been accepted by the Government, will probably be to defer the adoption of the Wolowski suggestion till next year. M. Pasteur, in one of his latest works, complains that France in the domain of war and legislation has been able to raise up of late years so few great men. Professor Tyndal quotes this opinion with approval, and suggests that it explains the disasters of France in her latest struggle against Germany. Without disputing this doubtful hypothesis, we may at least claim for the French nation a galaxy of great names in finance. Their presence and power are shown by the amazing progress which France has made in industrial activity and financial power and material wealth during the nineteenth century. Perhaps no country has done so much as France for the development of economic science in its relations to banking and monetary legislation. It is not our purpose to give in this place any sketch of what French economists have done in this respect. We are speaking simply of M. Wolowski, and of him chiefly as a banker and one out of a large body of eminent men who have shed radiance on the financial progress of the French people, while they have given to that progress much of its stability and permanence.

M. Wolowski is one of the men to whom the Bank of France owes her large bullion reserve. Amid much opposition he and the conservative financiers with whom he acts, have urged and carried to success this policy of holding the large coin reserve, to which France owes it to-day that her currency is not depreciated and her financial system thrown into disorder by her enormous legal-tender issues of paper money. He opposed the duties on raw materials. He insisted that France should keep her treaty obligations in all future changes of her tariff. But he seems to have refrained from conspicuous activity on all questions not concerned with the financial and industrial problems to which his undivided attention as a statesman was given. Our space forbids further details about the career of M. Wolowski. Enough has been said to show that if the rumor should be confirmed that he and his friends have taken part of our new loan, the circumstance cannot but be regarded as favorable to the status of our government securities in the European market.

THE SAVINGS BANKS OF CONNECTICUT.

Report of the Special Bank Commission.

During the session of the General Assembly of 1873 a marked interest was manifested in relation to the Savings banks of the State. The misfortunes and irregularities on the part of several of them, and the alleged misconduct of others, created an animated discussion on the whole subject of the Savings bank system of the State. Some legislation resulted, and much more was proposed, but not adopted. Finally it was decided to postpone further action on the subject till another year, and in the meantime to provide for a more searching investigation into the practical workings of the Savings banks of the State than had ever before been required, in order that the subject might be legislated upon understandingly. With entire unanimity the General Assembly therefore appointed Messrs. David P. Nichols, of Danbury, Thomas S. Marlor, of Brooklyn, and John W. Stedman, of Norwich, a Special Commission, to visit and examine the several Savings banks and Savings societies in the State, with the same powers and authority in relation to Savings banks and societies as those of the Bank Commissioner of this State.

The report of this Commission is now before us. Its work has evidently been done with great thoroughness, and a large amount of valuable information is given as to the condition and management of the Savings institutions. It brings to light some cases of very loose management, and of open and persistent violation of the law as to the making of loans and the receiving of usurious interest. We take from the report a summary of its leading details, which are none the less important for being only as late as November, 1873.

Deposits and Depositors.

"The following tables show the deposits of the banks of the State, the number of depositors classified, and the amount deposited by each class:

Counties.	*No. Banks.*	*Amount Deposited.*	*Surplus Funds.*	*No. of Depositors.*	*Average to each depos'r.*	*Average to Population.*
Hartford ...	14	$13,164,612	$362,070	47,923	$274 70	$117 54
New Haven.	11	14,095,404	410,280	46,354	304 08	116 24
New London	8	15,629,087	90,274	32,303	483 83	234 78
Fairfield	15	12,603,853	306,833	35,582	354 22	132 30
Litchfield ...	10	3,060,103	70,402	9,915	308 63	62 80
Middlesex ..	9	8,884,235	13,272	18,111	490 54	240 11
Windham ..	7	3,441,307	35,905	10,742	320 36	89 34
Tolland.....	5	1,327,023	6,571	4,580	289 74	60 32
	79	$72,205,624	$1,295,607	205,510	$351 35	$134 35

"By this table it will be seen that the entire deposit of the State is $72,205,623.88, or an average to the depositor of $351 35, and to the population of the State, $134.35. It may be interesting to see how we stand in these particulars with the richest of our neighboring States. Here are the latest reports at our command:

	Deposits.	*Average to dep.*	*Average to pop.*
New York	$285,520,085 00	——	$65 15
Massachusetts	187,842,561 13	$293 21	128 95
Connecticut	72,205,623 88	351 35	134 35
Rhode Island	44,211,376 07	480 28	203 40

Classification of Deposits.

	Less than $500.		*$500 to $1,000.*		*$1,000 to $3,000.*		*Over $3,000.*	
Counties.	*No. Dep.*	*Amount.*	*No. Dep.*	*Amount.*	*No. Dep.*	*Amount.*	*No. Dep.*	*Amount.*
Hartford	39 891	$4,097,945	5,066	$4,012,587	2,700	$3,781,038	288	$1,246,671
New Haven	35,775	4.850,611	8,428	3,510,925	2,860	4,318,027	318	1,409,103
N. London	23.238	3,618,676	5 140	3,677,477	3,500	5,178.925	625	3,089.710
Fairfield	27.761	3,780,856	4,622	3,148,610	2,838	4,468,166	281	991,037
Litchfield	7,971	1,173,154	1,241	677 597	646	962,104	56	255,545
Middlesex	13,646	1,852,191	2,152	1,651.518	1,870	2,997,358	443	2.376 754
Windham	8,527	1,238,908	1,475	979,047	681	975,295	59	248,157
Tolland	3.716	533 404	589	384,172	257	336.151	18	73,295
	160,525	$21,145,745	28,713	$18,041,933	15,352	$23,017,064	2,088	$9,690,292

"By these figures it will be seen that about four-fifths of the entire number of depositors in the State hold nearly one-third of the deposits, or an average of only $131.73 to each depositor. About one-seventh of them hold about one-quarter of the deposits, or an average of $628.35 each. Thus it will be seen that more than nine-tenths of the depositors have less than an average of $630 each, and a considerable more than one-half the entire deposits of the State. About one-fourteenth of them have nearly one-third of the deposits, or an average of $1,499.29 each. And only 2,088 of the whole number of 205,510, hold less than one-eighth of the deposits, or $4,640.93 each.

"A large proportion of the last class of deposits, are the trust funds of societies, sinking funds of towns and corporations, avails of estates awaiting division, and the exceptional savings of laborers for daily wages."

Loans and Investments.

Counties.	*Number of Banks.*	*Loans on Real Estate.*	*Loans on Personal Security.*	*Invested in Stocks and Bonds.*	*Expenses of Management. Per cent.*
Hartford	14	$11,025,335	$997,142	$1,297,705	⅓
New Haven	11	9,854,142	2,040,582	2,117,419	⅓
New London	8	7,181.450	2,832,952	5,439.594	⅙
Fairfield	15	7,599,937	1,354,931	3,554.886	⅓
Litchfield	10	1,561,393	649,516	779.799	½
Middlesex	9	6,069,182	709,123	2,032,974	¼
Windham	7	2,060,609	534,975	656,204	¼
Tolland	5	850,682	173.713	429,431	⅓
	79	$46,202,730	$9,292,934	$16,308,012	

The amount loaned on personal and collateral security and invested in stocks and bonds is something more than one-third of all the deposits of the State. The report adverts to this and the other violations of the law with well-deserved severity as follows:

"The law relating to loans on personal security and investments in stocks and bonds is very strict and explicit. We fear there are many of our Savings-bank managers who have not studied it with sufficient care. It provides:

SEC. 1. That each Savings bank or Savings society may loan on such personal security as the directors, trustees or managers may approve, to an amount not exceeding one-half of the whole amount then on deposit in such bank or society; *provided*, that nothing contained in the provisions of this act shall be so construed as to empower said Savings banks or societies to purchase stocks, bonds, or other securities not herein specially authorized; and all other loans of said institutions, not herein specially provided for, shall be secured by mortgage of real estate in this State, unincumbered, equal to double the amount of the loan secured thereon.

SEC. 2. Each Savings bank or Savings society may invest such portions of the deposits herein authorized to be loaned on personal security, as the directors, trustees or managers shall approve, in the purchase of the public stock of any of the New England States, or the States of New York, Ohio, Pennsylvania and Kentucky, or the United States, in the stock of any bank in this State, New York City, or Boston, in the public stock of any incorporated city, town or borough in this State, or of the cities of New York, Boston, Providence or Albany.

SEC. 4. The directors, trustees or managers of any Savings bank or Savings society assenting to a violation of the provisions of this act, shall be held jointly and severally liable to said Savings bank for any loss which may result therefrom.

"The loans on personal security are left to the discretion of 'the directors, trustees or managers,' but no stocks can be *purchased*, except such as are named in the second section.

"All loans on real estate security out of the State are illegal, except by the three banks favored by special act. We show a large amount of these illegal loans.

"All purchase of railroad bonds are illegal except by the two banks in Norwich favored by special act. We do not give lists in detail of the bonds held by the banks, because they form a part of the Bank Commissioner's Report, and to publish them here would be an unnecessary repetition. We deem it our duty, however, to call attention to the bonds of the Southern Minnesota Railroad, held by several of our banks.

"These bonds were put upon the market in this State in 1869. They were represented to be issued at the rate of $ 20,000 a mile, upon a railroad running from a point on the Mississippi River, opposite La Crosse, Wisconsin, across the southern portion of the State of Minnesota. The road was represented to have a land grant of 8,960 acres to the mile of track laid, which was worth at its then market price, $ 62,899 to the mile, or more than three times the amount of the mortgage, which covered the land as well as the road. The bonds purported to pay 8 per cent. interest and were sold at 92½. We have shown that the Norwich Savings

Society purchased $ 150,000 of them, the Savings Bank of Stafford Springs, $ 12,000, besides holding $ 15,000 of them as security for a doubtful loan, and that the Chelsea Savings Bank has $ 30,000 of them as security for a loan of the same character. Besides these the Staffordville Savings Bank took $ 30,000 of them, and is now in bankruptcy and out of our jurisdiction. The Thompsonville Savings bank purchased $ 5,000 of them, but in January last the directors took them out of the bank on their own individual account. So that the whole amount now held by our solvent Savings banks is $ 207,000, upon which no interest has been paid since October 1, 1871, and none is likely to be paid for some time to come, as the entire property of the road is now in the hands of a receiver, who is operating it under orders of a court. The land grants, represented as so valuable, are unavailable, and thus far the company have received only 130,000 acres. They do not hope to receive more than 70,000 more. The affairs of the company are now in litigation, and we are unable to report whether it will be brought to a speedy close or not. The last published statement of the business of the road indicates that its first mortgage bonds will ultimately be valuable, perhaps to their full amount.

"The question arises, why were these bonds put upon our Savings banks? The law distinctly prohibits them, and holds the managers of the banks purchasing them jointly and severally liable for any loss that may arise from their purchase. Granted that the representations of interested dealers in them made them a very attractive investment. Yet these representations were false, and the agents in this State did not take the necessary steps to know whether they were true or not. A man applying to a Savings bank for a loan of $ 500 on his homestead, cannot obtain it until a competent committee have examined the house and its surroundings, have passed an opinion upon its value, and a legal perfection of title is established. Should less pains be taken with loans involving millions?

"We have shown that the officers of the Norwich Savings Society through whose influence these bonds were purchased by that bank were, at the time, agents for their sale, and received liberal commissions for negotiating them.

"We have been thus particular in exposing this transaction, because of the wrong involved in it, and that it may serve as a warning for all coming time to those who have the custody of the hard earnings of the people not to be tempted into a violation of the laws of the State established for their protection.

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"One of the subjects to which our attention was called early in our investigations, was that of separating the Savings banks of the State from other moneyed institutions. Our investigations have confirmed us in the opinion that such a separation is demanded,

if the State is desirous of correcting much mismanagement already existing, and of removing temptations to mischief in the future. It is the intention of the law to divest all the directors of our Savings banks from every selfish or interested motive in their management. They are not allowed to become borrowers or surety for borrowers of their funds, and they are supposed to discharge the duties of their office without compensation. Yet as a matter of fact, large sums of money belonging to the Savings banks are placed in their hands, and used by them for their own profit as managers and stockholders in other moneyed institutions.

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"In seasons of financial stringency, the temptation is very strong, where the direction of Savings banks and banks of circulation is in the same hands, to refuse or procrastinate loans in the former, if by so doing the latter can be aided by a liberal deposit account. But a fact came to our knowledge which illustrates another view of this subject. During the panic of last year, one of our Savings banks deposited large sums of money with several National banks for use in case it should be needed to meet an expected run. It was found, however, that the money so deposited could not be withdrawn when wanted, without positive injury to the National banks. The deposits, therefore, were no protection to the Savings bank. On the other hand they were used to buoy up the National banks in which they were placed. The National banks, in which the Savings banks deposited their funds, were represented in the Savings bank board by directors whose influence prevented them from insisting upon withdrawing their deposits when they were much needed.

"Again, it has become common for officers of National banks, who are also officers of Savings banks, to act as the well-paid agents for the sale of what are technically called 'securities,' under which designation the bonds of unfinished and non-dividend-paying railroads are very prominent. The temptation has not always been resisted, to put these 'securities' upon our Savings banks, either as 'permanent investments,' or as collateral security for doubtful loans.

"Finally, there are facilities for absolute and intentional fraud, where the control of a Savings bank and a National bank is blended, which it is the duty of the Legislature to guard against by the most stringent legislation. We have no suspicion of any instance of this kind in this State, but a neighboring State has had an experience that is possible under the same circumstances anywhere.

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"It may be argued by some, that there are Savings banks that cannot afford to maintain a separate management. We are satisfied that this is a mistake. In nearly every instance they would be benefited by such separation. But suppose it should cause

the closing of a few of them, this would not be a sufficient reason for omitting all legislation on a subject so important, as we believe, to the Savings bank system of the State. There are but eighteen Savings banks in the State connected with banks of discount, and there is not one of them that has not a much larger deposit than many that are independent. . . . .

"In view of the facts and arguments here presented, and of the information we have obtained, we would recommend a complete separation of our Savings banks from all other moneyed institutions."

The Commissioners recommend some marked changes in the Savings bank laws, presenting a short and comprehensive code for the attention of the General Assembly. The most important of them are as follows: I.—Directors of Savings banks to be elected for three years instead of one as at present; one-third of the board to retire each year, and no director to be eligible for two successive terms. The President, however, shall be eligible for re-election indefinitely. II.—No officer or director shall be a hirer or borrower, or be a surety for any hirer or borrower, of the funds of the bank, except upon real-estate security. III.—No officer or director of a bank of discount or of a trust company should be an officer of any Savings bank. IV.—The limitation of deposits to be increased to $1,000—with the suggestion that there be no limitation whatever as to the amount. V.—The profits to be divided among depositors semi-annually to an amount not to exceed six per cent. per annum. The surplus, after reserving three per cent. of the entire amount of deposits as a contingent fund, to be divided every four years as an extra dividend upon the deposits that have remained in the bank during the whole of that time. VI.—Loans upon personal security may be made to an amount not exceeding ten per cent. on the total amount of deposits, and purchases to the amount of thirty per cent. are authorized of the public stocks of the United States, of the New England States, or of any State whose stock is at par in the city of New York, and which has never defaulted its interest; or in the stock of any bank in Connecticut, New York city or Boston; in the public stock of any incorporated city, town or borough in Connecticut, or of the cities of New York, Boston, Providence, Brooklyn, Albany, or Philadelphia. VII.—The investment of funds in mercantile paper bearing the signature of only one person or firm to be prohibited, as is also the loaning of funds upon such paper as security, without taking additional security equivalent to an absolute guarantee or indorsement by some party whose guarantee or indorsement of such paper would fully secure the same. Some of these changes are sufficiently radical to evoke much opposition, and earnest hostility to their adoption may be expected from some of the banks. They seem, however, to be sound and reasonable, and in our opinion, should commend themselves to all prudent and conscientious men.

THE USURY LAWS OF THE STATES AND TERRITORIES,

WITH RECENT DECISIONS UNDER THEM.

Continued from page 146.

[CORRECTION.—The rate of interest in CONNECTICUT is changed by the law of 1873 to seven per cent. The penalty for usury is forfeiture of "the value of the money or other property so taken, accepted or received for forbearance, to any person who shall within one year thereafter sue therefor and prosecute his suit to effect."]

XXXIII. NORTH CAROLINA.

Six per cent. is the legal rate, but eight per cent. is lawful if stipulated for when money is borrowed. Usury forfeits the whole interest.

A bond given for money lent upon usurious interest during the existence of the statute against usury (Rev. Code, ch. 114) was made void *ipso facto* by that statute, and was not revived when it was repealed by the act of 1866, ch. 24.—Pond *v.* Horne, 65 *N. C.*, 84.

Where a note, tainted with usury, is endorsed to a third person, who purchases it for value, and without notice of any illegality attending the execution thereof, and the maker gave to the payee a mortgage to secure the payment of said note,—*Held*, that the defence of usury could not avail the maker, and that the mortgage given to secure the payment of the principal and interest due thereon could be enforced.—Coor *v.* Spicer, 65 *N. C.*, 401.

XXXIV. OHIO.

Six per cent. is the legal rate, but eight per cent. may be taken by contract. If a higher rate is agreed upon the plaintiff can recover principal and six per cent. interest only.

To discount paper, as understood in the business of banking, "is only a mode of loaning money," with the right to take interest allowed by law in advance.

Evidence of a usage with other banks organized under the same law, to discount more than the legal rate of interest upon the acquisition of business paper, is not admissible.—Niagara County Bank *v.* Baker *et al.*, 15 *Ohio St.*, 69.

Where, upon the loan of money, separate notes are taken, one for the sum loaned, and another for the amount of interest to accrue thereon, or, where a single note is taken for the amount of

both principal and interest, payable at a future day, and the notes, in either case, contain no stipulation as to a special rate of interest, though the loan was, in fact, made under the ten per cent. law of 1850, at the rate of ten per cent. per annum, yet interest can only be collected, on such notes, after maturity, at the rate of six per cent.—Samyn *v.* Phillips *et al.*, 15 *Ohio St.*, 218.

A promise by the principal debtor to pay usurious interest, is a sufficient consideration to support an agreement by the creditor to give further time, and operates as a discharge of the surety in the note given for the original loan.—Wood *v.* Newkirk, 15 *Ohio St.*, 295.

XXXV. Oregon.

Ten per cent. is the legal rate, but twelve per cent. may be taken by agreement. If a greater rate than twelve per cent. is agreed upon, the court shall render judgment for the amount of the original debt against defendant without interest, and in favor of the State for the use of the common-school fund, and against the plaintiff for costs, whether the suit be contested or not.

An answer setting up usury must aver clearly every particular necessary to establish the usury charged, and must distinctly negative every supposable fact which, if true, would render the transaction innocent or lawful.—Gaston *v.* McLearn, 3 *Oregon*, 389.

It seems more consonant with rules of construction, to hold a stipulation for reasonable attorney's fees, in case of suit, to refer to the fees given by statute, than to hold that the parties have by such stipulation rendered a contract usurious, which would otherwise have been innocent.—Gaston *v.* McLearn, 3 *Oregon*, 389.

XXXVI. Pennsylvania.

Six per cent. is the legal interest, and no greater rate can be collected, except that most of the Savings banks are expressly authorized to take higher rates.

Railroad and Canal Companies may sell their obligations below par without making the interest usurious.

There is no penalty for usury, but the principal and legal interest only can be recovered. If a person pays a greater rate than six per cent. voluntarily, he may recover back the excess if sued for within six months.

Excess of interest over six per cent. is the money of the borrower, which, when received by the lender, he cannot retain, but holds for the use of the borrower, and assumpsit will lie for it.—Heath *v.* Page, 63 *Penn. St.*, 108.

The right to recover the excess of interest has no cast of penalty.—*Id.*

Interest is but an incident of a debt, and when detached from the principal becomes itself a debt.—*Id.*

The Act of May 28th, 1858 (Usury), detaches the excess of interest from the debt, and it is recoverable by the debtor in assumpsit.—*Id.*

As soon as a borrower's right to recover excess of interest accrues, he stands in the relation of creditor to the lender for money had and received to his use.—Heath *v.* Page, 63 *Penn. St.*, 108.

Campbell borrowed money from Sloan at usurious interest, and gave a note with surety; he paid the usurious interest for some years, when the original note was taken up and another given for the same amount with a new surety. In a suit on the new note, the question was not satisfaction or merger, but whether the consideration of the new note was usurious.—Campbell *v.* Sloan, 62 *Penn. St.*, 481.

Any security given in payment or discharge of an usurious security is equally void with that.—*Id.*

The original taint attaches to all consecutive securities, &c., growing out of the original transaction, and none of them, however remote, can be free from it, if the descent be traced.—*Id.*

A *bona fide* payment of a usurious debt with money or other things extinguishes it, and a subsequent loan would be valid, but the jury must be satisfied that it was not a contrivance to evade the statute.—*Id.*

XXXVII. Rhode Island.

Six per cent. is the legal rate, but parties may take any rate agreed upon.

XXXVIII. South Carolina.

Seven per cent. is the legal rate, but parties may take any rate agreed upon in writing till judgment, after which only seven per cent. is allowed. Interest is not allowed on open accounts.

Where a bond is payable at a future fixed time, with interest in the meantime at six per cent. per annum, and the contract is silent as to the rate of interest to be paid, if default of payment shall be made, the debt will bear interest, from the time it falls due, at seven per cent. per annum, the legal rate of interest.—Langston *v.* South Carolina R. R. Company, 2 *S. C. N. S.* 248.

XXXIX. Tennessee.

Ten per cent. may be taken by agreement, but six is the rate where no rate is agreed upon. Usury forfeits all interest over six per cent. and is punishable by fine of not more than one hundred dollars. A jury may allow interest or not on open accounts in their discretion.

If a note is made and indorsed to raise money, but is taken at a discount of 20 per cent. without notice of the fact that it is not a real transaction, the discount is not usurious.—Frazer *v.* Sypert, 2 *Heis*, 340.

A note for $ 217.83, and cash over and above the amount of a judgment, in addition to other notes indorsed to the full amount of the judgment, being given in satisfaction of the judgment, *Held*, to be for a valid consideration, and not usurious.—Smith *v.* Price, 2 *Heis*, 293.

A note stipulating to pay compound interest is not illegal.—Woods *v.* Rankin, 2 *Heis*, 46.

The act of 1859–60, c. 41, declares that an effort to take more than six per cent. interest for a debt that did not originate for money actually loaned, is unlawful and shall operate as a release of the debtor from the entire amount of such debt, &c. This act, when applied to a note given for principal and usurious interest, computed on a debt, the origin of which was loaned money, does not operate to forfeit the original debt, but only the debt as far as it originates in the usury. The fourth section of the act makes an overcharge of interest only a forfeiture of the excess of interest.—Jackson *v.* Collins, 2 *Heis*, 491.

Compound interest, in the absence of any specific designation of the mode, will be held to mean with annual rests.—Woods *v.* Rankin, 2 *Heis*, 46.

If a note was void under the act of 1860, to allow conventional interest, because it reserved ten per cent. upon its face, not being for loaned money, but a pre-existing debt, yet the original consideration, if valid, would not be affected by the subsequent illegal note, and an action might be maintained upon such consideration, and a note given in renewal without the illegal reservation of usury, will be valid, though the usury be added in.—Scruggs *v.* Scruggs, 1 *Heis*, 150.

If property is sold for a price greatly above its real value, to enable the purchaser, by re-sale at its real value, to raise money this transaction would be usurious.—Ketchum *v.* Dew, 7 *Cold.*, 532.

If a note be void, the security given for it is also void. But if it be valid to some extent, the security is valid to the same extent.—McFerrin *v.* White, *vol.* 6, *Cold.*, 499.

If usury does not appear on the face of the note, in this State it is held to be valid to the extent of the money loaned, and the legal interest thereon, and voidable only to the usurious excess,

and to this extent the courts enforce the contracts.—McFerrin *v.* White, 6 *Cold.*, 499.

That the contract of a surety made in this State, upon a note payable by its terms in another State, and with reference to the law of the other State, and bearing interest authorized by the law where payment is to be made, but exceeding the lawful rate of this State, is valid and binding upon the surety, and will be enforced against him by the courts of this State, unless such contract was made payable in the other State for the purpose of evading the usury laws of this State.—Parham *v.* Pulliam, Ex'r, 5 *Cold.*, 497.

If the making of a contract in a place where a higher rate of interest is allowed, to be performed in another where the rate of interest allowed is lower, was a mere device to evade the usury laws of the place of performance, and such contract contains a stipulation for the payment of the higher rate of interest, it will be usurious.—Bolton *v.* Street *et al.*, 3 *Cold.*, 31.

When a note is renewed after the statute went into effect, allowing ten per cent. to be received, including usurious interest that had accrued upon the former note up to the time of its renewal, *Held*, that the usurious interest which formed a part of the consideration, was not for loaned money, but an illegal consideration, and is, therefore, void, and the note cannot be collected.—Turner *et al. vs.* Odum, 3 *Cold.*, 455.

If depreciated stocks are sold for their nominal value, to be paid in full, at a given time, the contract is not necessarily usurious. The question of usury will be determined by the intention of the parties, and whether it was a contrivance to get usurious interest. The correct rule is given in Turney *v.* State Bank, 5 *Hump.*, 409.—Doak *v.* Exr's of Snapp, 1 *Cold.*, 180.

XL. Texas.

Eight per cent. is the legal interest when not specified in the contract, but parties may agree upon any rate. All usury laws were abolished by the constitution of 1869.

A resident of Texas, being temporarily in New York, there executed his promissory notes, but dated them as at his residence in Texas, and stipulated on their face to pay twelve per cent. interest per annum, which, under the then laws of New York, was illegal if the notes were payable there. No place of payment was designated. *Held*, that from the fact of dating the notes as though made in this State, a strong implication arises that they were to be paid according to the laws of this State, under which the rate of interest was lawful, and this implication is greatly strengthened by the fact that the rate of interest was lawful in this State, but unlawful in New York.—Bullard *v.* Thompson, 35 *Tex.*, 313.

In an action on a note made in 1859, the defence was usury and payments exceeding the amount legally due on the note. There was evidence tending to prove the usury. Held, that it was error for the court to ignore the question of usury, and to instruct the jury as though the defence was payment alone. The jury should have been instructed to allow no interest, if from the evidence they believed the contract was usurious.—Sheffield *v.* Griswold, 34 *Tex.*, 528.

XLI. Utah.

There is no statute on interest. Parties are free to make their contracts at discretion.

XLII. Vermont.

The legal rate is six per cent. when not specified. Excess above that may be recouped or deducted, or it may be recovered back by action. Banks taking any more than the legal rate shall forfeit $100 to the State for each offence.

The sale of mortgage securities at a premium cannot subject the party to an action to recover back the premium on the ground of usury.—Culver *v.* Bigelow, 43 *Vt.*, 249.

Although courts rarely, if ever, as between debtor and creditor, enforce an executory contract for the payment of compound interest, yet the payment of it is not necessarily in a legal sense the payment of usury, and if a debtor knowingly, understandingly and unconditionally pays it under no peculiar circumstances of oppression, it cannot be recovered back.—Culver *v.* Bigelow, 43 *Vt.*, 249.

Usury paid the executor by the defendant upon a note due the testator, is held by the executor in the same right as he has instituted the suit and can be recovered in offset.—Ewing, Executor, *v.* Griswold, 43 *Vt.*, 400.

Where a debtor makes an assignment of his property to certain creditors to pay the debts he owes them, and also puts into their hands a fund to be applied on his debts, but not subject to or included in the assignment, and the assignees object to paying a certain claim, believing it usurious, but do pay it pursuant to the directions of the debtor, the law will presume from the conduct of the parties and in the absence of all proof to show any different application of this fund, that the claim was paid out of this fund, and the debtor may recover back.—Low *v.* Prichard, 36 *Vt.*, 183.

The action under the statute (Gen. Stat. ch. 79, sec. 4), for the recovery back of usurious interest, is remedial and not penal, and the same rule of evidence would apply in this action as in other civil actions.—Wheatley *v.* Waldo, 36 *Vt.*, 237.

A voluntary payment of usury does not preclude the party making it from recovering it back, in a suit brought by himself for that purpose (Gen. Stat., ch. 79, sec. 4).—Wheatley *v.* Waldo, 36 *Vt.*, 237.

A promissory note is not void as to a surety, on the ground that, without his knowledge, at the time of the delivery of the note the principal agreed to pay, and afterwards did pay, the holder an illegal rate of interest thereon.—Davis *v.* Converse *et al.*, 35 *Vt.*, 503.

XLIII. Virginia.

Parties may agree in writing upon a rate not exceeding twelve per cent., but where no rate is specified six per cent. is the legal rate. In a suit at law, principal and interest are forfeited in case of usury; but at equity, lender forfeits only excess of interest.

XLIV. Washington Territory.

Parties may agree upon any rate. Ten per cent. is the rate where there is no agreement.

XLV. West Virginia.

The legal rate is six per cent. Excess cannot be recovered, but incorporated companies may borrow at higher rates, and their contracts will be sustained.

K charges in a bill that he loaned to L and wife a sum of money, for which they executed their obligations and a mortgage on the property of the wife. It is answered that the debt due the plaintiff was not a debt contracted for the loan of money, but for State stocks transferred by the plaintiff to the defendants, at their nominal value. That the objects of the defendants were to raise money, and they applied to the plaintiff for such a loan. He declined loaning money, but proffered to loan State stocks as money, and their necessities were such that they were obliged to do it, but that the stocks were sold for eighty cents on the dollar. That defendants were advised that, as having applied for a loan of money, and being compelled by their necessities to take depreciated stocks at this nominal value in lieu of money, the transaction would be held to be usurious and oppressive. *Held*, That the averments in the answer, taken in connection with the charge in the bill, make the defence of usury in substance, although not very formally.—Kelly *v.* Lewis *et al.*, 4 *W. V.*, 456.

The act of the Legislature of this State, repealing the laws on usury, does not affect contracts made prior to the date thereof.—*Ibid.*

XLVI. Wisconsin.

Parties may agree in writing upon ten per cent. Compound interest is not allowed. An usurious agreement forfeits all interest.

Usury laws are designed to protect the borrower from being obliged to pay more than the amount limited thereby, for the loan or forbearance of money, and not to prevent the lender from receiving such excess from third parties, who voluntarily undertake to pay it.—McArthur *v.* Schenck *et al.*, 31 *Wis.*, 673.

Under chap. 172, Laws of 1851, it was sufficient to avoid a contract for the repayment of borrowed money, if the money was loaned upon an oral agreement to pay a value beyond the legal rate of interest, although the note or other written evidence of indebtedness executed by the borrower, provided for the payment of only the legal rate.—Morton *v.* Rutherford *et al.*, 18 *Wis.*, 298.

Chap. 55, Gen. Laws of 1856, declares that "all bonds, bills, &c., whereby there is reserved or secured a rate of interest exceeding twelve per cent., shall be valid and effectual to secure the repayment of the principal sum loaned," &c. *Held*, that this act could not render valid a bond, bill, or other instrument previously executed, and which was void by the act of 1851.—*Ibid.*

A note is not usurious because it provides for payment not only of the principal of a previous note, for which it is substituted, but also for compound interest thereon, at the highest rate of interest allowed by law, from the date of such previous note.—Austin *v.* Bacon, 28 *Wis.*, 416.

Where a lender knowingly contracts for an illegal rate of interest, the contract is usurious, although the borrower is ignorant of the facts.—First National Bank *v.* Plankington, 27 *Wis.*, 177.

Where one held to the payment of a note as indorser, the makers being insolvent, gives his own note for the amount apparently due to procure forbearance, he may defend an action on such substituted note on the ground of usury in the former one, although he was ignorant of the usury when he made his own.—First National Bank *v.* Plankington, 27 *Wis.*, 177.

A note given in Illinois by a firm doing business in this State (place of payment not expressed) to take up a previous note executed in this State by the same firm, *Held*, to be governed by the laws of Illinois in respect to usury.—Hull *v.* Augustine, 23 *Wis.*, 383.

In an action upon a note, under a counter-claim for money had and received, defendant cannot prove payment of usurious interest and have the same allowed, without having alleged specifically the facts showing usury.—Martin *v.* Pugh, 23 *Wis.*, 184.

XLVII. Wyoming.

Parties may agree in writing upon any rate. In the absence of an agreement ten per cent. is the legal rate.

TAXATION OF THE STOCK OF NATIONAL BANKS.

U. S. SUPREME COURT, OCTOBER TERM, 1873.

Tappan, Collector of Taxes, etc., Appellant, v. *The Merchants' National Bank of Chicago.*

APPEAL FROM THE CIRCUIT COURT OF THE U. S. FOR THE NORTHERN DISTRICT OF ILLINOIS.

Mr. Chief Justice Waite delivered the opinion of the Court.

We are called upon in this case to determine whether the General Assembly of the State of Illinois could, in 1867, provide for the taxation of the owners of shares of the capital stock of a National bank in that State, at the place within the State where the bank was located, without regard to their places of residence. The statute of Illinois, under the authority of which the taxes complained of were assessed, was passed before the act of Congress, approved February 10, 1868 (15 *Statutes at Large*, 34), which gave a legislative construction to the words, "place where the bank is located, and not elsewhere," as used in section 41 of the National banking act (13 *Statutes at Large*, 112), and permitted the State to determine and direct the manner and place of taxing resident shareholders, but provided that non-residents should be taxed only in the city or town where the bank was located.

The power of taxation by any State is limited to persons, property, or business within its jurisdiction. (R. R. *v.* Pennsylvania, 15 Wall., 319.) Personal property, in the absence of any law to the contrary, follows the person of the owner and has its *situs* at his domicile. But, for the purposes of taxation, it may be separated from him, and he may be taxed on its account at the place where it is actually located. These are familiar principles and have been often acted upon in this court and in the courts of Illinois. If the State has actually jurisdiction of the person of the owner it operates directly upon him. If he is absent, and it has jurisdiction of his property, it operates upon him through his property.

Shares of stock in National banks are personal property. They are made so in express terms by the act of Congress under which such banks are organized. (13 *Statutes at Large*, 102, sec. 12.) They are a species of personal property which is, in one sense, intangible and incorporeal, but the law which creates them may separate them from the person of their owner for the purposes of taxation, and give them a *situs* of their own. This has been done. By section 41 of the National banking act, it is in effect provided that all shares in such banks, held by any person or body corpor-

ate, may be included in the valuation of the personal property of such person or corporation in the assessment of taxes imposed under State authority, at the place where the bank is located, and not elsewhere. (13 *Statutes at Large*, 112.) This is a law of the property. Every owner takes the property subject to this power of taxation under State authority, and every non-resident, by becoming an owner, voluntarily submits himself to the jurisdiction of the State in which the bank is established, for all the purposes of taxation on account of his ownership. His money invested in the shares is withdrawn from taxation under the authority of the State in which he resides, and submitted to the taxing power of the State where, in contemplation of the law, his investment is located. The State, therefore, within which a National bank is situated has jurisdiction, for the purposes of taxation of all the shareholders of the bank, both resident and non-resident, and of all its shares, and may legislate accordingly.

The State of Illinois thus having had, in 1867, the right to tax all the shareholders of National banks in that State on account of their shares, it remains to consider at what place or places within the State such taxes could be assessed.

It is conceded that it was within the power of the State to tax the shares of non-resident shareholders at the place where the bank was located, but it is claimed that under the Constitution of the State resident shareholders could only be taxed at the place of their residence. We have not been referred to any express provision of the Constitution to that effect. There is nothing which in terms prohibits the General Assembly from separating personal property within the State from the person of the owner and locating it at appropriate places for the purposes of taxation, but it is insisted that sections 2 and 5 of article IX of the Constitution of 1848, which was in force when the act of 1867 was passed, contained an implied prohibition.

Section 2 directs that "the General Assembly shall provide for levying a tax by valuation, so that every person or corporation shall pay a tax in proportion to the value of his or her property; such value to be ascertained by some person or persons to be elected or appointed in such manner as the General Assembly shall direct, and not otherwise." Section 5 directs that "the corporate authorities of counties, townships, school districts, cities, towns and villages may be vested with power to assess and collect taxes for corporate purposes; such taxes to be uniform in respect to persons and property within the jurisdiction of the body imposing the same. And the General Assembly shall require that all property within the limits of municipal corporations belonging to individuals, shall be taxed for the payment of debts contracted under authority of law." The corresponding provisions of the Constitution of 1870 are in substance the same.

The object of these sections is to secure uniformity of taxation. That, it is said in Bureau Co. *v.* C. B. & Q. R. R. Co, 44 Ill.,

238, is to be regarded as the cardinal principle, the dominant idea of this article of the Constitution. But uniformity in this connection is only another name for equality, for the provision is for "levying a tax by valuation, so that every person and corporation shall pay a tax in proportion to the value of his or her property." The value of the property being ascertained the same rate of taxation must be laid upon all.

Property is made the constitutional basis of taxation. This is not unreasonable. Governments are organized for the protection of persons and property, and the expenses of the protection may very properly be apportioned among the persons protected according to the value of their property protected.

The Constitution does not undertake to fix the value of the property. Neither does it prescribe any rules by which it is to be fixed. That is left to the General Assembly, for the provision in that respect is, "such value to be ascertained by some person or persons to be elected or appointed in such manner as the General Assembly shall direct, and not otherwise." The mode and manner in which the persons appointed to make the valuation shall proceed are left to the discretion of the General Assembly. In fact, the whole machinery of taxation must be contrived and put into operation by the legislative department of the government.

As part of this machinery, taxation districts must be created. All property within the district must be taxed by a uniform rate. If property is actually within a district, it is but proper that the Legislature should provide that it should be listed, valued and assessed there. In fact, the last clause of section 5, article IX, seems to make that a duty, for it provides that the General Assembly shall require that all property within the limits of municipal corporations, belonging to individuals, shall be taxed for the payment of debts contracted under authority of law.

This power of locating personal property for the purpose of taxation without regard to the residence of the owner has been often exercised in Illinois, and sustained by the courts. (City of Dunleith *v.* Reynolds, 53 Ill., 45.) Since the adoption of the Constitution of 1870, which did not enlarge the powers of the General Assembly in this particular, very extended legislation has been had with a view to such location. Thus, live stock and other personal property used upon a farm, must be listed and assessed where the farm is situated; property in the hands of agents at the place where the business of the agent is transacted; water craft where they are enrolled: or, if not enrolled, where they are kept; the property of bankers, brokers, merchants, manufactures, and many other classes of persons specially enumerated, at the place where there business is carried on. This became necessary in order that the burdens of taxation might be equally distributed among those who should bear them.

We do not understand the council for the appellee to dispute this power, where the property is tangible and capable of having,

so to speak, an actual *situs* of its own, but he claims that if it is intangible it cannot be separated from the person of its owner. It must be borne in mind that all this property, intangible though it may be, is within the State. That which belongs to non-residents is there by operation of law. That which belongs to residents is there by reason of their residence. All the owners have submitted themselves to the jurisdiction of the State and they must obey its will when kept within the limits of constitutional power.

This question is then presented whether the General Assembly, having complete jurisdiction over the person and the property, could separate a bank share from the person of the owner for the purposes of taxation. It has never been doubted that it was a proper exercise of legislative power and discretion to separate the interest of a partner in partnership property from his person for that purpose, and to cause him to be taxed on its account at the place where the business of the partnership was carried on. And this too without reference to the character of the business or the property. The partnership may have been formed for the purpose of carrying on mercantile, banking, brokerage, or stock business. The property may be tangible or intangible, goods on the shelf, or debts due for goods sold. The interest of the partner in all the property is made taxable at the place where the business is located.

A share of bank stock may be in itself intangible, but it represents that which is tangible. It represents money or property invested in the capital stock of the bank. That capital is employed in business by the bank, and the business is very likely carried on at a place other than the residence of some of the shareholders. The shareholder is protected in his person by the government at the place where he resides; but his property in this stock is protected at the place where the bank transacts his business. If he were a partner in a private bank doing business at the same place, he might be taxed there on account of his interest in the partnership. It is not easy to see why, upon the same principle, he may not be taxed there on account of his stock in an incorporated bank. His business is there as much in the one case as in the other. He requires for it the protection of the government there, and it seems reasonable that he should be compelled to contribute there to the expenses of maintaining that government. It certainly cannot be an abuse of legislative discretion to require him to do so. If it is not, the General Assembly can rightfully locate his shares there for the purpose of taxation.

But it is said to be a violation of the constitutional rule of uniformity to compel the owner of a bank share to submit to taxation for this part of his property at a place other than his residence, because other residents are taxed for their personal property where they reside. It is a sufficient answer to this proposition to say that all persons owning the same kind of property are taxed as he is taxed. Absolute equality in taxation can never be

attained. That system is the best which comes the nearest to it. The same rules cannot be applied to the listing and valuation of all kinds of property. Railroads, banks, partnerships, manufacturing associations, telegraph companies, and each one of the numerous other agencies of business which the inventions of the age are constantly bringing into existence, require different machinery for the purpose of their taxation. The object should be to place the burden so that it will bear as nearly as possible equally upon all. For this purpose different systems, adjusted with reference to the valuation of different kinds of property, are adopted. The courts permit this. Thus, in a case in Illinois, involving the system adopted for the taxation of bank shares, it was said by the Supreme Court (McVeagh *v.* Chicago, 49 Ill., 319), "In view of this legislation it must be apparent that a system of taxation for bank shares was designed, peculiar to itself and independent of the general revenue laws of the State;" and the authority of the law was sustained and enforced.

Again, it is said the law in question destroys the uniformity of taxation, because it provides for the collection of the taxes assessed on account of this kind of property in an unusual way. The Constitution does not require uniformity in the manner of collection. Uniformity in the assessment is all it demands. When assessed the tax may be collected in the manner the law shall provide; and this may be varied to suit the necessities of each case.

Since the decree was rendered in the Circuit Court, the Supreme Court of Illinois has passed upon this same question, and declared the law of 1867 to be constitutional. We might have contented ourselves by acknowledging the authority of this decision; but we are willing not only to acknowledge its authority, but to admit its correctness.

We have not felt called upon to consider whether the General Assembly could, under the provisions of the act of Congress, provide for the taxation of shareholders at any other place within the State than that in which the bank is located. It is sufficient for the purposes of this case that it might tax them there.

Other questions have been discussed in the argument, and among them one which relates to the power of the bank to interfere in behalf of its stockholders in the manner which has been done. We have not deemed it necessary to pass upon any of these questions, as those already decided are conclusive of the case.

The decree of the Circuit Court is reversed and the cause remanded, with instructions to proceed in conformity with this opinion.

NEW LAWS OF CONGRESS.—SAVINGS BANKS.

[GENERAL NATURE—No. 54.]

AN ACT EXPLANATORY OF THE ACT OF JUNE 30, 1864.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all deposits made in institutions now existing which do business only as Savings banks, and are organized as such by the laws of their respective States, or by Congress, are hereby declared to be exempt from taxation the same as deposits in Savings institutions having no capital, although they have a capital stock or bond for the additional security of their depositors and pay dividends thereon; and no tax shall be assessed upon the deposits made in such institutions, or collected of them on said deposits, otherwise than as herein provided: *Provided*, That all the profits of such Savings banks, less the aforementioned dividends on stock, not exceeding at the rate of eight per cent. per annum, are divided among the depositors, and that the capital stock is invested only in the same class of securities as is used for investing the deposits, and that interest at the rate of not less than four and one-half per cent. be paid in all cases to their depositors, to be made good if necessary from the capital stock.

Received by the President, June 6th, 1874.

NOTE BY THE DEPARTMENT OF STATE.—The foregoing act having been presented to the President of the United States for his approval, and not having been returned by him to the House of Congress in which it originated within the time prescribed by the Constitution of the United States, has become a law without his approval.

[GENERAL NATURE—No. 83.]

AN ACT FOR THE RELIEF OF SAVINGS INSTITUTIONS HAVING NO CAPITAL STOCK, AND DOING BUSINESS SOLELY FOR THE BENEFIT OF DEPOSITORS.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no farther collection of internal revenue taxes shall be made on the earnings of Savings banks or institutions for savings having no capital stock and doing no other business than receiving deposits to be loaned or invested for the sole benefit of the parties making such deposits, without profit or compensation to the association or company, whether the earnings of the same have been or may hereafter be divided annually, semi-annually or at other periods.

Approved, June 22. 1874.

NEW LAW OF THE STATE OF NEW YORK.

An Act relative to Moneyed Corporations, other than Banks, Institutions for Savings, and Insurance Companies, Passed May 5, 1874.

Section 1. Every trust, loan, mortgage, security, guaranty or indemnity company or association, and every corporation or association having the power and receiving money on deposit, existing or incorporated under any law of this State, or corporation or association not incorporated under the laws of this State, which receive deposits of money, or assume obligations in this State (other than banks, institutions for savings and insurance companies), shall semi-annually make a full report in writing of the affairs and condition of such corporation, at the close of business, on the last business day of June and December in each year, to the Superintendent of the Banking Department, verified by oath, in such form and by such officers of the said corporation as the said Superintendent may designate, which report shall be in place of any report which any such corporation may now be required to make to the Supreme Court, the Comptroller, or otherwise. Every such report shall be made within twenty days after the day to which it relates, and shall be in such form, and contain such statements, returns and information, as to the affairs, business condition and resources of such corporation, as the said Superintendent may from time to time prescribe or require. And the said Superintendent may, if he be of opinion that it is desirable, require that a like report, either wholly or in part, as to the particulars aforesaid, be made to him at any time, by any such corporation aforesaid, within such period as he may designate.

§ 2. The said Superintendent may at any time, if he deem it to be expedient, cause any such statement, or any statement or report which may be made to him under the provisions of this act, or any part or any abstract thereof, to be published in the State paper for at least three times, the expense of which shall be paid by the corporation to whose affairs such report may relate.

§ 3. It shall be the duty of the said Superintendent, yearly, either personally or by some competent person or persons, to be appointed by him, to visit and examine every corporation required by this act to report as aforesaid. The said Superintendent and every such examiner shall have power to administer an oath to any person whose testimony may be required on any such examination, and to compel the appearance and attendance of any such person for the purpose of such examination, by summons, subpœna or attachment, in the manner now authorized in respect to the attendance of persons as witnesses in the courts of. record of this State; and all books and papers which it may be deemed necessary to examine by the Superintendent or the examiner or examiners so appointed shall be produced, and their production may be compelled in the like manner. The expense of every such examination shall be paid by the corporation examined to such amount as the Superintendent shall determine. Whenever such examination shall be made by the Superintendent personally, or by one or more of the regular clerks in his department, no charge shall be made on such examination but for necessary traveling and other actual expenses.

§ 4. On every such examination inquiry shall be made as to the condition and resources of the corporation generally, the mode of conducting and managing its affairs, the action of its directors or trustees, the investment of its funds, the safety and prudence of its management, the security offered to those by whom its engagements are held, and whether the requirements of its charter and of law have been complied with in the administration of its affairs.

§ 5. If it shall appear to the said Superintendent, from any examination made by him, or from the report of any examination made to him, that any corporation has committed a violation of its charter or of law, or is conducting business in an unsafe or unauthorized manner, he shall, by an order under his hand and seal of office, addressed to such corporation, direct the discon-

tinuance of such illegal or unsafe practices, and conformity with the requirements of its charter and of law, and with safety and security in its transactions; and whenever any corporation shall refuse or neglect to make such report as is hereinbefore required, or to comply with any such order as aforesaid; or whenever it shall appear to the Superintendent that it is unsafe or inexpedient for any corporation to continue to transact business, he shall communicate the facts to the Attorney-General, who shall thereupon be authorized to institute such proceedings against any such corporation as are now or may hereafter be provided for by law in the case of insolvent corporations, or such other proceedings as the nature of the case may require.

§ 6. Every corporation, whether chartered by this State, or any other State or country, engaged in receiving deposits of money in trust in this State, and required to make a report as to its affairs under this act, in case it shall not have already done so, shall, within six months from the passage of this act, and from time to time thereafter, if need be, transfer and assign to the said Superintendent registered public stocks of the United States, or of the State of New York, or of any incorporated city of this State authorized by the Legislature, to the amount in value (and to be at all times so maintained by said corporation) of ten per cent. on the paid-up capital stock of said corporation, now or at any time hereafter, but not less in any case than fifty thousand dollars, which stocks must be registered in the name of the said Superintendent officially, as held in trust under and pursuant to this act, and the same shall be held by the said Superintendent in trust, as security for the depositors with, and creditors of, said corporation, and subject to sale and transfer, and to the disposal of the proceeds by the said Superintendent only, on the order of any court of competent jurisdiction, and until the order of such court authorizing such sale, or transfer, or otherwise, to the contrary, the said Superintendent shall pay over to such corporation the interest which may be received on the said securities, or he may authorize the said corporation to collect and receive the same for its own benefit. Should any company at any time have deposited with the Superintendent more than the amount hereby required, such excess may be refunded. With the approval of the Superintendent such deposit may be made by any company either wholly or in part in bonds and mortgages, satisfactory to the said Superintendent, on improved, unincumbered, productive real estate in this State, worth at least twice the amount loaned thereon; and all the provisions of this section shall apply to such a deposit.

§ 7. In case any corporation doing business in this State, not chartered under the authority of this State, shall refuse or neglect to make the deposit with the said Superintendent, hereinbefore required, the fact shall be reported by the said Superintendent to the Attorney-General, who shall thereupon without delay take such proceedings as may be necessary to enjoin and restrain such corporation from transacting any business in this State, and the court to which such application shall be made shall be authorized to make such order or decree, and to issue such process in the premises to enforce compliance by such corporation with the provisions of this statute, or to restrain the transaction of business by such corporation in this State, as it may deem proper.

§ 8. Every corporation, subject to the provisions of this act, shall be assessed by the said Superintendent to pay its proper proportion of the expense of conducting the business of the banking department, as provided for by the seventh section of the act entitled "An act to organize the bank department," passed April twelfth, eighteen hundred and fifty-one, and shall be considered in all respects as embraced within the provisions of the said section.

§ 9. The amount of money which any corporation shall have on deposit or loan at any time shall not exceed ten times the amount of its paid-up capital and surplus, and its outstanding loans shall not at any time exceed said amount; but any such corporation authorized to receive court deposits may at any time receive on deposit and loan out any money which may be deposited with it by any of the courts of this State, including the surrogates' courts, notwithstanding such limitation.

§ 10. This act shall take effect immediately.

THE SAVINGS BANKS OF CALIFORNIA.

We present upon the ensuing pages detailed statements of the condition, on the 1st of July, of the Savings banks of San Francisco, and of the interior of the State, which we take from the *Commercial Herald*. They exhibit gratifying evidence of a substantial local prosperity, all the more satisfactory as indicating the growth of habits of frugality and economy, which have not always been characteristic of the Golden State.

The statements of the San Francisco banks show a remarkable steadiness of growth in their business. Since January 1st there has been an increase of 3,904 in the number of depositors, and of $4,098,115 in the aggregate of their deposits. At the beginning of the year, the average amount standing to the credit of each individual account was $902, gold, and is now $913, gold; an increase of $11 in six months. The volume of loans has been augmented in similar proportion, and the employment of $3,314,700 additional shows an active state of business, while the amount of cash on hand is $783,325 more than on January 1st. The total amount of deposits, nearly $51,000,000, is remarkable in view of the fact that only seventeen years have elapsed since the first Savings bank—the Savings and Loan Society—was established in San Francisco, the average population of which during those years has not exceeded 120,000 souls.

The dividends of the banks are generally smaller than those formerly made, which was anticipated from the recent state of the San Francisco money market and its less exorbitant rates of interest. The rates distributed are, however, excellent, and show that the management of these institutions has been economical and prudent. The range of dividend is from 7 per cent. to 8.40 on ordinary, and 8.40 to 10 per cent. on term deposits.

Of the country Savings banks there are a number which have made no returns, and are therefore not included in the list. The statements made show that the total number of interior depositors is 22,199; the amount to their credit $12,089,895, equal to $545, gold, to each depositor, a much smaller average than that of the city banks. The total number of Savings bank depositors in California is 77,910, leaving out the interior banks, from which no returns have come in. The aggregate of deposits is $62,933,054, being an average of $808, gold, to each depositor.

Other communities may well regard with surprise such a condition of financial prosperity as is thus shown to exist among the laboring and industrial classes, who constitute the great body of these depositors.

Semi-Annual Statement of the San Francisco Savings Institutions.

July 1, 1874.

Name.	*Date of Organization.*	*Open Accts. July 1, 1874.*	*Deposits.*	*Loans.*	*Gross Earnings.*	*Reserve Fund.*	*Expenses & Fed. Tax.*	*Aggregate Dividend.*	*Cash on hand.*
Savings and Loan Society.....	1857, July 23	8,355	$10,928,044	$11,114,970	$512,078	$339,479	$27,616	$456,443	$113,305
Hibernia Savings and Loan Soc.	1859, April 7	16,833	13,173,146	13,021,209	580,841	788,747	37,457	484,056	690,754
French Savings and Loan Society.	1860, Feb. 1	6,500	5,638,995	5,598,962	284,803	155,519	20,865	253,151	658,568
San Francisco Savings Union...	1862, June 18	5,863	5,884,367	5,767,246	295,619	222,027	27,758	267,861	219,344
Odd Fellows' Savings Bank....	1866, Oct. 13	6,879	6,609,073	6,354,255	300,774	107,225	21,692	254,159	439,387
Farmers and Mechanics' Sav. B.	1867, July 1	516	497,112	466,190	26,879	52,000	6,373	19,087	61,766
German Savings and Loan Soc.	1868, Feb. 10	5,492	4,786,113	4,724,317	207,657	135,500	23,120	179,384	293,086
Masonic Savings and Loan Bank.	1869, Nov. 4	2,558	1,187,681	1,253,573	53,098	167,103	11,095	53,314	71,803
Humboldt Savings and Loan Soc.	1869, Nov. 24	1,404	719,278	665,025	35,669	55,545	5,109	25,720	64,266
Security Savings Bank.........	1871, March 2	960	1,201,473	1,318,749	59,506	150,000	8,120	48,552	33,964
California Savings and Loan Soc.	1873, July 1	351	217,877	242,774	13,002	300,000	6,338	6,664	42,673
Totals, July, 1874............	——	55,711	$50,843,159	$50,527,270	$2,369,926	$2,473,145	$195,543	$2,048,391	$2,688,916
" January, 1874........	——	51,807	46,745,044	46,857,239	2,266,224	2,091,055	184,520	1,949,610	1,905,591
" July, 1873	——	49,305	43,731,223	43,137,027	2,233,890	1,826,967	187,478	1,911,694	1,880,133
" January, 1873........	——	46,060	42,474,935	42,828,962	2,091,113	1,852,770	182,837	1,818,406	1,174,364
" July, 1872	——	42,999	40,369,405	40,258,918	1,967,692	1,757,439	179,671	1,712,000	1,588,044
" January, 1872........	——	41,590	37,033,377	36,542,628	1,986,322	1,510,533	135,816	1,705,351	1,559,548
" July, 1871	——	38,870	34,541,597	32,310,571	1,737,149	1,485,030	124,559	1,592,022	2,728,325
" January, 1871........	——	36,862	31,289,550	30,608,376	1,772,872	1,058,036	138,318	1,490,019	2,003,641
" July, 1870	——	37,136	29,842,112	29,271,376	1,709,638	962,344	138,979	1,446,823	1,957,272
" January, 1870........	——	34,823	26,634,523	26,276,333	1,576,915	899,550	128,335	——	1,566,110
" July, 1869	——	31,974	24,773,078	24,747,705	1,409,654	822,816	123,559	——	1,128,717
" January, 1869........	——	29,893	22,372,508	22,021,510	1,134,087	725,886	102,686	——	1,295,646
" July, 1868	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	——	[illegible]

SEMI-ANNUAL STATEMENT OF THE INTERIOR SAVINGS BANKS OF CALIFORNIA.

July 1, 1874.

Name.	*Date of Organization.*	*Open Accts. Jan. 1, 1874.*	*Deposites.*	*Loans.*	*Gross Earnings.*	*Reserve Fund.*	*Expenses.*	*Semi-Annual Div.*	*Cash on hand.*
Sacramento Savings Bank	1867, March 19.	6,500	$3,260,194	$3,192,184	$179,926	$88,443	$15,035	$157,927	$168,499
San José Savings Bank	1868, Feb. 1.	1,523	1,004,176	919,761	67,624	125,000	7,978	28,548	80,131
Stockton Savings and Loan Society	1867, Aug. 12.	1,598	1,007,159	973,502	72,240	341,958	7,906	50,275	363,860
Marysville Savings Bank	1869, April 17.	1,040	862,489	857,792	54,851	13,479	5,645	47,851	27,491
Union Savings Bank, Oakland	1869, June 17.	1,600	705,673	1,149,600	73,281	469,277	8,910	55,831	53,428
Oakland Bank of Savings	1867, Nov. 1.	1,510	1,041,750	1,352,539	70,006	365,042	7,144	50,207	73,460
Capital Savings Bank, Sacramento	1869, Feb. 8.	5,398	3,108,051	3,156,167	192,485	621,288	19,328	158,859	322,042
Odd Fellows' B. of Sav., Sacramento	1870, May 11.	2,374	750,701	791,827	43,062	46,732	5,609	36,285	35,479
Vallejo Sav. B. [Rep. of Jan. 1, '74]	1871, May 1.	393	153,686	350,470	44,719	209,799	6,215	29,979	13,015
Napa Valley, Napa	1871, Sept. 15.	263	196,016	185,354	——	3,880	921	6,996	10,174
Totals, July, 1874	——	22,199	$12,089,895	$12,929,196	$798,194	$2,284,898	$84,691	$622,758	$1,147,579
" January, 1874	——	22,139	10,862,563	11,939,639	760,649	2,233,351	84,206	566,655	1,058,155
" July, 1873	——	20,354	9,745,922	10,617,513	686,940	1,944,339	76,882	533,176	927,991
" January, 1873	——	18,441	8,956,391	10,010,853	642,991	1,870,212	80,455	469,898	790,495
" July, 1872	——	15,714	7,414,967	8,060,082	534,793	1,792,431	73,600	393,857	859,490
" January, 1872	——	15,292	7,201,729	7,862,438	536,047	1,786,046	76,542	396,114	1,015,584
" July, 1871	——	12,949	6,337,219	6,512,900	426,231	1,283,975	52,732	317,974	1,009,947
" January, 1871	——	10,673	5,266,359	5,533,026	343,810	958,345	46,867	277,813	744,203
" July, 1870	——	8,555	4,039,245	4,115,057	259,978	770,974	33,673	203,406	546,895
" January, 1870	——	5,243	2,259,122	2,226,465	173,043	203,052	24,740	116,404	316,520
" July, 1869	——	4,213	1,989,061	1,816,319	116,811	142,893	17,676	78,374	317,191
" January, 1869	——	2,720	1,476,025	1,143,369	74,803	81,313	10,785	52,070	409,215
" July, 1868	——	1,218	755,974	613,061	35,198	55,592	7,931	30,000	214,128
" January, 1868	——	534	299,690	275,538	8,148	51,150	2,689	——	38,473

THE PERIODICITY OF RATES OF INTEREST.

Among the papers read before the AMERICAN ASSOCIATION F THE ADVANCEMENT OF SCIENCE, at its recent meeting at Hartfor was one by Professor E. B. ELLIOTT, of Washington, upon t influences affecting the rates of interest. This gentleman had pr sented the same theme at the last meeting of the Association, a his remarks now pointed out that the changes in the market val of money were brought about by influences sometimes local a at other times general throughout the money markets of the wor There is however a fluctuation generally well marked during c tain portions of each year, recurring pretty regularly, and caus probably by the facts that in the Summer business is light, in t Fall crops are moving, in the Winter there is a general settling accounts; while April, May and September are usually transiti periods. He presented the following tables:

AVERAGE RATES IN THE NEW YORK MARKET, 1849 TO 1874.

Year.	Demand Loans.	60-day Paper.	Year.	Demand Loans.	60-day Paper.
1849	4·50	7·78	1862	5·61	6·78
1850	4·83	7·17	1863	5·	6·66
1851	5·92	8·33	1864	7·23	9·29
1852	5·12	7·29	1865	6·09	10·21
1853	6·92	10·08	1866	5·90	7·83
1854	7·68	12·50	1867	5·88	8·67
1855	6·62	9·25	1868	5·83	8·85
1856	7·04	9·88	1869	6·04	10·83
1857	6·94	10·38	1870	5·08	8·12
1858	3·83	6·71	1871	4·50	6·
1859	5·	7·17	1872	5·58	9.
1860	6·12	8·38	1873	6·29	9·83
1861	5·38	9·	1874	3·89	6·36
Average annual rates				5·75	8·48

AVERAGES BY MONTHS.

Month.	Demand Loans.	60-day Paper.	Month.	Demand Loans.	60-day Paper.
January	5·97	8.89	July	5·11	7·74
February	5·68	8·58	August	5·25	7·89
March	5·93	8·75	September	5·72	8·50
April	5·67	8·34	October	6·21	9·22
May	5·91	8·35	November	6·11	8·47
June	5·20	7·94	December	6·20	9·07

SUMMARY BY PORTIONS OF YEAR FOR THE 25 YEARS 1849 TO 18

Portions of Year.		Demand Notes.	60-day Paper
October to March inclusive	(6 months)	6·03	8·83
April and May	(2 months)	5·79	8·34
June to August inclusive	(3 months)	5·19	7·86
September	(1 month)	5·72	8·50
October to March inclusive	(6 months)	6·03	8·83
April to September inclusive	(6 months)	5·48	8·13
GENERAL AVERAGE	(25 years)	5·75	8·48

Being asked whence the data were obtained, Prof. ELLIOTT plied that they were collated from THE BANKER'S MAGAZINE, *Financial Chronicle* and *Hunt's Merchants' Magazine*.

"SHORT ROAD TO SPECIE CURRENCY."

THE LETTER OF MR. JOHN EARL WILLIAMS.*

METROPOLITAN NATIONAL BANK,
New York, May 11, 1874.

To Hon. JOHN SHERMAN,
Chairman of Finance Committee, U. S. Senate:

Dear Sir:—Since last November, when you talked over with me, here, the subject of Banking and Currency, my views, then expressed, have been confirmed and strengthened. Since then, too, the ground has been quite thoroughly gone over by both branches of Congress.

The recent veto of the Senate bill by President Grant brings up anew, however, the old questions; perhaps under circumstances more favorable for a calm consideration and wise solution of the whole matter. You know, sir, that in the fire and smoke of battle, we often lose sight of our enemy; so, in the heat and excitement of debate there is danger that we may lose sight of the original cause of existing differences, and consequently fail to perceive and apply the wisest remedy.

Will you allow me now, to state my mature convictions on this all-important subject? Take them for what they are worth, intrinsically, not for my sake; and let them perish, if they do not possess vitality enough to deserve favor in public estimation.

In the general discussion of this subject it has seemed to me, that the public and Congress have been too much fettered by *precedent*—by clinging to what *has* been—by efforts to patch up old methods—"sewing new cloth into old garments," instead of laying the old garments on the shelf, grateful none the less for the good they have done, but knowing we had outgrown them—as the man the boy's clothes—and had no further practical use for them. This we have done, in establishing our own form of Government, why not do it in reference to political economy?

Among such useless antiquities may be classed "the Suffolk Bank System," so called, which was the most unmitigated paper scheme ever devised; under it millions of bank bills were redeemed without using a dollar of specie! yet that did good service fifty years ago, but is of no use now; and an outgrowth of that—"assorting houses"—still talked of, for the purpose of separating the bills of each bank from all others to send home for payment in other paper promises! And most prominent of all the vain efforts to resume specie payments by banks, as heretofore, including alike bills and deposits, which always has been, and in the nature of things, always must be, sooner or later, a failure. "Free Banking," too, is a catch-word and a delusive snare, for it would give too much or too little currency—entirely dependent on the profit in making it—consequently causing either perturbation or stagnation—both of which should be avoided.

All these belong to the *obsolete*, and time will be saved by so considering them. Let them go.

As to the *cause* or causes of the late financial panic, I consider it undeniable and self-evident that last September we touched bottom in our currency supply. If superabundant ten years before, it was proved to a demonstration to be used up now. Various circumstances, splendid railroad schemes, and other magificent projects, no doubt, absorbed capital, and precipitated the

* *For a review of this plan see page* 169.

event. But the simple, naked truth remains undeniable, neither for love n hard money, itself. could more currency be obtained. There was an al solute currency famine, and some starved! The United States had unde taken to supply the country, but failed to do it, after prohibiting (wisely, think,) the several States from authorizing any bank circulation. This, and th alone, was the original cause and starting point of the panic. Hoarding, lock ing up in merchants' iron safes came afterwards as one of the baneful *effec* of the fright; and it greatly aggravated the excitement. The banks manfull stood by each other, and lessened the disastrous effects by the course the pursued. Two or three months elapsed—the wheels of trade turned slowly but surely, and the return of currency from the extremes to the money-cen tres—with the necessary contraction of business engagements—relieved th pressure and restored confidence. But not until serious consequences had en sued which, with a sufficient supply of currency, we might have been, w should have been, preserved from.

The foregoing, I think, are among the essentials, and non-essentials, whic have occupied much of the time of Congress, while it has been feeling its wa towards light on this important investigation. But time spent in earne thought is never lost. Especially if it fits us to seek a *principle* on which system may be reared, which shall meet our present wants and stand th strain of any future commercial crisis.

With this view I would suggest:

First.—That Congress assume at once the inherent, sovereign prerogativ of a government "of the people, by the people, and for the people," an exercise it, by furnishing all the inhabitants of the United States with a uni form National currency! Surely the people, and the people only, have natural right to all the advantages, emolument or income, that may inure fro the issue of either one thousand dollar bonds, with interest, or ten dolla notes without, based on the faith and credit of the nation! *

This principle, simple, clear, and undeniable, ought to be recognized as fun damental, and the only safe and proper basis, on which may securely rest a the circulating medium of the country; for the sole benefit of all the peopl and not, as now, for the profit of a class of stockholders, however deservin they may be in all other respects.

Second.—To carry into effect this principle—to substitute U. S. notes fo bank notes, take away, as soon as practicable and forever, all circulatio from banks. Withdraw National bank notes, and in lieu thereof issue U. S coin notes (not legal tenders) as fast as the bank notes can be returned to th issue department at Washington. Such substitution would, of course, b neither contraction nor expansion, but merely putting one note in circulatio in place of another; consequently it could cause no business jar whatever.

Let the United States purchase the bonds—now lodged in Washington t secure the circulation of banks—at the market price, or at least a sufficien amount of them to cover the issue of notes by the United States to the sev eral banks, for payment of their bonds, to the amonnt of bank notes can celled.

And to facilitate the process, require that at least 25 per cent. of the circu lation of each bank be annually surrendered for exchange and cancellation.

Third.—The new notes and legal tenders now outstanding, shall be re deemed, in specie, on demand, whenever presented at the Assistant Treas urer's Office in New York City. To ensure which, Government shall accu mulate (and if need be, sell 100 million five-per-cent. bonds to accomplish th purpose) at least one hundred and fifty million dollars in specie, in th vaults of said Assistant Treasurer, and aim to retain that as a minimum amount at all times to inspire confidence and provide for contingencies. No need any difficulty be apprehended on this point, as California yielded las year up to 31st December, seventy-two million two hundred and fifty-eigh thousand dollars. Moreover, as soon as the public understand they can hav

* N. B.—It is a significant fact, that within ten days, the London *Times* has suggested th same idea—that is, that our Government furnish a currency for the country.

specie for the asking, it will not be wanted. People will prefer to carry U. S. notes in their pockets, as more convenient and equally valuable.

Neither could any one reasonably object, that the United States would be by such an operation, banking or engaging in business, for properly regarded, it is as much a function of Government as the drawing of a Treasury draft, on the Assistant Treasurer in New York; indeed, practically, it is only that.

Fourth.—To guard against undue issue on the part of the United States, and to provide in summer, when money is cheap, for a necessary surplus of currency to transact the autumn business, Congress should authorize the emission of a convertible and re-convertible bond, bearing three, four, or even five per cent. interest. Said bonds to be obtained either of the Assistant U. S. Treasurer, in New York, or of a commission appointed to take charge of the same, at the office of said treasurer, upon paying for them in either National bank notes, legal tenders, or U. S. notes. And the bonds should be payable at the office of said Treasurer, with accrued interest on demand, at the option of the holder.

The effect of this emission of bonds would be two-fold: first, to check any excessive issue of U. S. notes, as they would at once be taken to the Assistant Treasurer, and converted into bonds, thus placing such excess on interest, as fast as the notes became superabundant; secondly, these bonds would take up circulation when cheap—and not wanted for business pnrposes—and keep it till it was. Then the bonds would be presented for payment and the circulation come out to do its beneficent work, without disturbing the discount lines of the banks, as the operation would be entirely independent of them. Indeed, this machine would act automatically, taking up or letting out currency, according to supply and demand.

Should money be abundant and cheap, three-per-cent. bonds would absorb the surplus; but so important is it to accumulate money in July and August, for September and October, that even five-per-cent. for sixty or ninety days, might well be paid on twenty or thirty millions, rather than have no adequate provision for the autumnal demands of trade, which come round with the regularity of the season.

Fifth.—Here an important question naturally arises, namely: What amount of currency is requisite to conduct the large business of a constantly increasing population, dealing in various commodities at enhanced prices?

This question may be practically answered, although mathematical certainty may not be attainable. A commission carefully selected would be able to reach a satisfactory result in this particular; and also to approximate the percentage of increase of currency that would be required, every five or ten years, to meet the growth in population and business; and thus escape the evil of either deficiency or excess.

For instance, if with a population in 1861, of 33 millions—and banks paying specie—we had a bank note circulation of 220 millions—and specie in circulation, 170 millions—aggregate 390 millions—how much would now be required for a population of 43 millious, including demands for manufactures, for mining the precious and other metals, and for railroads, quadrupled in extent in thirteen years? Allowance being also made for advance in prices of from thirty to fifty per cent. in nearly every article bought and sold.

This increase in values is *real* and not nominal. An effect largely owing to an addition of specie since 1848, from Australia and California, to the amount of *two thousand millions in gold and silver!* The commercial exchanges of the civilized world have thus been increased, making gold and silver, and not paper, responsible for the enhanced value of commodities in all countries even where there has been no paper used as currency.

Thus it is seen that no special study of the subject is required to perceive that double the former volume of currency, say 780 millions, would be none too much for the present day.

Nevertheless, exactness as to amount is less important than if the proposed U. S. notes were not to be paid, on demand, in specie. The fact, complemented by the convertible bonds, would regulate the amount of the issue of

U. S. currency to a nicety never before attained. Especially as these notes would not be subject to the fluctuations incident to bank-note circulation, for the latter must always be more or less mixed up with the bank's liability for deposits, and dependent upon the availability of the bank's discounted paper.

Suppose, then, for example, we assume 800 millions as the requisite amount of circulation to-day.

The profits of that, to the people, may be thus stated. Deducting 150 millions as amount of coin to be kept on hand, would leave a balance of 650 millions net to draw interest as money. This sum, at six per cent., would yield a profit of 39 millions annually! Reducing the taxes of all the inhabitants, every year, exactly that amount, compared with what would be the case, if that circulation were given up to banks.

Sixth.—Undoubtedly, there are a few banks that will raise a cry about vested rights, violated charters, &c., but it is enough to say to such, that any bank which cannot live without circulation must have less of the confidence of the public, as evidenced in deposits, and more of the element on which wild-cat banking subsists, than is compatible with sound commercial bank management. The truth is, the proposed change is not, in fact, so much of a sacrifice of profits as at first sight it may seem to be. You know that banks are now required to hold five-per-cent. bonds, instead of six, as the basis of their circulation; the rate may, probably will, be reduced to four per cent.

Then the banks would be relieved from all taxes and reserves, on account of their notes—and here, in New York, these amount to about three per cent. per annum. They would save the premium on United States bonds deposited in Washington for circulation. They would escape the clamor of newspapers, and individuals, for resumption of payments in specie. For, then, they would bank on United States notes and specie, their customers receiving whichever they preferred. In a word, they would do a strictly legitimate business, as banks of discount and deposit, knowing that whatever leads to the prosperity of the whole people, must be beneficial to the banks; but leaving the right, where it belongs, to the United States Government, to supply the whole circulating medium of the country.

While I speak thus strongly, for the best interest of all, as I understand it, I beg to say that no one can entertain a higher estimate of the usefulness, the integrity and the honor of bank managers than I do; and no one, I believe, knows them better.

Yet, in this connection, we must remember that banks are the creatures of law. The laws which created them, may, by virtue of rights reserved, be amended, altered or repealed.

If, therefore, it is found that, as heretofore and as now constituted, these institutions, with the best intentions of those who direct them, fail to secure for the people a satisfactory currency; and that even to attempt it on the old basis, would be to lay themselves open to as frequent suspensions as Wall Street should choose to inflict; then surely it is fitting and needful that some better methods be devised and carried out. To those who are disposed to complain of the change as a hardship, one is tempted to ask what ***natural*** right a dozen stockholders have to receive notes from Government to circulate that any other dozen men do not possess?

Seventh.—Again, some may say, it is true we need reform, but if Wall Street is so powerful, as against banks, why may it not have equal ability to cause Government to suspend?

The reply to this is plain and conclusive. The cases are essentially different. Whenever banks have failed it has always been because of the withdrawal of their deposits, and not that a few thousand dollars were demanded for their bills—not at all—but payment of deposits was demanded, amounting, perhaps, to ten times their circulation, and hence the banks were unable to respond. This has ***invariably*** been the cause of the several bank failures. How unwise, then, not to seek a sure and sufficient remedy, after trying seventy-five years to compass the impossible?

Now, inasmuch as the U. S. Government *has no deposits*, and its circulating notes would permeate every corner of this vast country—doing the rightful work of a National currency—therefore, they could not be hoarded, even if the attempt were made, in any quantity sufficient to derange the regular business of the land. They would constitute, so to speak, the life blood of our commercial and mercantile transactions, circulating to the remotest parts, and equally indispensable at the centre or the circumference. And if, by labor and sacrifice of interest, a sum could be gathered together, what motive would exist to demand specie, when the paper was of equal value with the coin?

Another good result would surely be accomplished. Speculation in gold would be killed stone-dead! and that nuisance abated most effectually.

Eighth.—The proposed separation of circulation from banks of discount and deposit, would establish banking proper on a legitimate basis, and transfer to the general Government, where it belongs, the circulation of the people for the sole benefit of all. The banks and U. S. Government, both working harmoniously, in their several spheres, with no clashing or rivalry. Indeed, circulation would then be scarcely more divorced from ordinary banking than now; inasmuch as U. S. bonds deposited in Wasbington, distant from the banks, now compose the security for the notes, and it is proposed to take the direct promise of the Government in the new U. S. currency.

This principle is recognized and acted on by the BANK OF ENGLAND. That institution has cut off the Issue from the Discount Department almost as completely as if it were another corporation. Why should not we imitate England's example, but improve upon it, by giving to our forty-three millions of inhabitants *all* the profits to be derived from a circulation throughout our country, instead of sharing it with 2,000 banks, estimated to have some three hundred thousand stockholders?

New England States that have a large accumulation of surplus capital and a plenty of National bank currency may be indifferent, or even opposed, to an increase of currency of any kind; but Massachusetts and Rhode Island should remember, that notwithstanding all their abundant resources, yet last September, their mill-operatives were among the first to foresee danger and feel distress on the stoppage of the factories of their wealthiest manufacturers; mainly, because no currency could be obtained to carry them on! Nor will they soon forget the alarm created by threats to run on the Savings banks—their very riches and careful savings, even, heightened the danger of a panic among the laborers who had savings deposits.

This, and every consideration, should teach the East to look with fraternal feeling to the West and the South, if it would aid in relieving a pressure arising from want of capital and currency there, but which no longer is felt at the East. In truth, the unprecedented and irrepressible growth of the West in population and productive power, indicates, also, an approaching, if not an existing political power, that will soon speak to the East in tones distinctly audible.

And now, Mr. Senator, only one word more; if you approve, in the main, of the foregoing suggestions, will you do me the favor to draw a bill embracing them substantially, and advocate its passage in the Senate? Providing that the law take full effect on the Fourth of July, 1876, making, thus, our second and financial declaration of independence!

Believe me sir, yours, with much respect,

J. E. WILLIAMS.

PROPERTY IN STOCK EXCHANGE MEMBERSHIP.

Rights of Creditors subordinate to those of Co-Members.

In the United States Court at San Francisco, before Judge Sawyer, a question has recently been decided which is of much importance to members of stock exchange boards as regarding property in their membership. The action in this case was brought in the U. S. Circuit Court by Henry C. Hyde, assignee in bankruptcy of Thomas W. Fenn, to recover from Woods & Freeborn the proceeds of the sale of the seat of Fenn in the San Francisco Stock and Exchange Board, which were received by defendants within four months before the filing of the petition in bankruptcy. The petition in bankruptcy against Fenn was filed by a creditor September 20, 1872, and he was adjudicated a bankrupt therein October 1, 1872. The facts in the case are thus stated:

Thomas W. Fenn became a member of the board October 21st, 1871, subject to the constitution and by-laws adopted for the government of all who should become members. Under these rules the number of members was limited, and they were to be elected by ballot. The privileges granted to a member were not assignable or transferable, except as provided in the constitution and by-laws. It was also provided that "Any member who fails to comply with his contracts, or becomes insolvent, shall be suspended until he has settled with his creditors." And further, "In case of the suspension of any member by failure to fulfil his contracts or by insolvency, the board will exercise a generous discretion, guided by the circumstances of each case, in disposing of the seat for the benefit of the party suspended." Again, "In sales of seats for account of delinquent members, the proceeds shall be applied to the benefit of the members of the board, exclusive of outside creditors, unless there shall be a balance after payment of the claims of members in full."

On the 24th of Angust, 1872, Fenn became delinquent in the board by failure to fulfil his contracts made with the members thereof. For the purpose of securing his creditors in the board he made the following assignment in writing:

San Francisco, August 24, 1872.

I hereby assign my seat in the San Francisco Stock and Exchange Board to Messrs. Woods & Freeborn, who are authorized to sell the same to the best advantage and apply the proceeds of sale to the payments of all debts due from me to the members of said board.

Subsequently W. B. & J. Thornburgh were elected as members of the board, and the seat vacated by Fenn was transferred to them by Woods & Freeborn, for a consideration of $ 10,000. This sum was divided among Fenn's creditors in the board, before the assignee in bankruptcy commenced proceedings.

In announcing the opinion of the court, Judge Sawyer took the following ground: The San Francisco Stock and Exchange Board is a voluntary association. No man was under any obligation to become a member, unless he saw fit to do so, and when he did, and subscribed to the constitution and by-laws, he acquired just such rights with such limitations, and no others, as the articles of association provided for. The rights acquired by a party entering the association with the assent of the other members, are clearly prescribed in these articles. Under their provisions there is in a member no absolute, unlimited right of disposition of his seat or the privileges of membership. Each member holds his seat and exercises the privileges conferred subject to certain prescribed rights of the association, and of the other members, in his seat, in case he fails to perform his duty towards the association, or to his fellow-members.

And the rights accorded to the association, or his fellow-members, by the terms upon which a member is admitted, cannot be abrogated or limited by any subsequent act of his. A member cannot dispose of his right of membership to another, unless the association shall accept that other in his stead, in the mode and upon the terms prescribed. If he fails to meet his liabilities to his fellow-members, incurred in the course of the proper business transactions of the board, he is suspended; and if his obligations are not met, and he is not restored within the time prescribed, his rights and privileges as a member become the property of the association, and are disposed of for the benefit of his creditors in the board, to the exclusion of all others. He cannot, himself, by any act of disposition of his own, prevent this result. His general creditors can obtain through him no greater rights of property than he himself possesses. His privileges as a member of the Stock Board could not be seized and sold on execution, and transferred to another in violation of the rights secured by the contract of the association, nor could a court of bankruptcy override the rights of the association or its members, by disposing of a greater interest than he himself possesses. The only property of a pecuniary nature in Fenn after his default in the board, would be the residue left after disposing of his seat by the board in accordance with its prescribed usages or with its assent and payment of his indebtedness to the members of the board, incurred in the transaction of its business. This is all that, under any circumstances, would be available to the general creditor, or with which the Court of Bankruptcy has any concern. The rest is the property of the board and its members, not Fenn's. In this case there was a delinquency of Fenn in his transactions in the board. He was indebted in large sums to the members upon transactions occurring in the board, for which his seat and privileges as a member were first liable, under the rules of the association. Fenn transferred nothing to defendants that a court of bankruptcy could take hold of.

There was no residuum. His estate, being subordinate to the claims of his associates, under the articles of association, and consisting only of such residuum, there was nothing of it of value. Defendants only received and distributed to the proper parties that part of the proceeds of Fenn's seat which belonged to the other members, as they had a right to do under the articles of association.

There must be judgment for the defendants, with costs.

In addition to the case of Fenn, the same assignee in bankruptcy had served notices on the attorney for the board in four cases, the parties being former members of the board who had failed under similar circumstances as Fenn.

The amount immediately involved in this decision is at least $50,000. The result of this case is of vital importance to the members of the Stock Board, as a contrary decision would have virtually destroyed the security one member now has against another.

THE BRITISH MINT MUSEUM.—The mint collection of coins is, as may well be supposed, interesting as illustrative of the changes which the British coinage has undergone from the time of the Saxon kings to the present day. Among the coins is a shilling of Henry VII, which marks an important change in the design of the British coinage—namely, the substitution of the royal shield of arms for the cross with "pellets" at the angles, which had up to that time formed the reverse of the coins. It illustrates the great advance in art made during that reign. Among other coins in the collection, of much numismatic interest, is the "Oxford crown," the work of Thomas Rawlins, chief engraver of the mint during the civil war. This is one of a series of coins and medals by the same artist struck at Oxford before its surrender by the royalist forces in 1646. There is also the celebrated "petition crown," by Thomas Simon, who was chief engraver of the mint under the Commonwealth, and whose petition to be retained in that office at the Restoration occupies the rim of the coin.—*London Times.*

THE LAW OF PROTEST.

Illegality of Notice Delivered on Sunday.

[*From The American Law Register.*]

Supreme Court of Pennsylvania. Rheem *v.* Carlisle Deposit Bank.

A notice of protest delivered to an endorser on Sunday is void, and does not render him liable on the note.

The mere receipt by the endorser of the notice in a sealed envelope, even if told what it is, does not, without his saying or doing anything to mislead the notary, amount to a waiver of the irregularity.

Nor does the receipt of notice in that way on Sunday amount to a valid notice to him on Monday, though a new notice to him on that day would have been in time.

This was an action against the endorser of a draft.

The draft was protested December 30th, 1870, for non-payment. The notices of protest were sent to the Carlisle Deposit Bank (the actual holder of the note), and received by it on the morning of December 31st, 1870. Mr. Rheem, the defendant, lived in the same town. On the same evening on which the bank received the notice of protest, Lewis A. Smith, the teller of the bank, went to Mr. Rheem's house with a notice for him, but although meeting an adult member of the family, did not leave the notice or give information as to the nature of his errand. On the next morning, Sunday, Mr. Smith called again at the house, and handed Rheem a sealed envelope containing the notice of protest, telling him that it was the "protest of the Leeds draft." Mr. Rheem did not open the envelope, but threw it in his desk, and did not see it again for several weeks.

The jury found a verdict for the plaintiff, subject to the opinion of the court on the question reserved at the trial: "As plaintiff had by law Monday, the 2d January, 1871, to give this notice of protest to defendant, was the delivery of the envelope in the manner set forth, *on Sunday*, sufficient to charge the endorser?" Subsequently the court entered judgment for the plaintiff on the verdict, being of opinion that defendant having the notice in his possession with knowledge of its contents, on Monday, was equivalent to a proper service on him on that day.

Defendant brought this writ of error.

The opinion of the court was delivered by

Sharswood, J.—It is very important that the Acts of Assembly providing for the observance of the Lord's day, commonly called Sunday, should be enforced according to their true spirit and meaning. We are not called upon to discuss the policy of these statutes, but the Legislature in the unquestionable exercise of their constitutional power have enacted that one day in seven, the first day of the week, shall be a day of rest when all worldly employment and business shall be intermitted. By the Act of 1705, § 4, 1 *Smith L.* 25, no person or persons upon the first day of the week shall serve or execute or cause to be served or executed any writ, precept, warrant, order, judgment or decree, except in case of treason, felony or breach of the peace, but the serving of any such writ, precept, warrant, order, judgment or decree shall be void to all intents and purposes whatever. And the Act of April 22d, 1794, § 1, 3 *Smith* 177, imposes a penalty upon any person who shall do or perform any worldly employment or business whatever on the

Lord's day, commonly called Sunday (works of necessity and charity excepted). It was said in *Stern's Appeal*, 14 *P. F. Smith* 450, that judicial business in civil cases done on Sunday is violative of the rule of our common law and our statutes, which in fact are declarative of the common law. The notice from the attorney of the party to the sheriff in that case was not an order within the letter of the act of 1705, though it is so termed in the case. It was a mere notice to him to proceed according to his duty under the writ of execution already in his hands. It cannot, I think, be doubted that any other notice by party or counsel in the course of legal proceedings would be equally ineffectual, nor would it be necessary that a suit should be actually pending. Notices are often required to fix the liability of a party. Thus, notice to a magistrate before commencing a suit against him for any act done by him in virtue of his office, surely could not be served upon him on Sunday; nor would it matter that it would have been in time if served on the following day. To fix an endorser with legal liability, a notice of non-payment is required; it is a step in the legal proceedings though before the commencement of the suit. The party was not bound to receive or notice such a communication, it is against the spirit of the act of 1705 to permit it to have any effect; besides, it was a part of the worldly employment or business of the teller of the bank directly violative of the act of 1794, an unlawful act on his part, and fell within the prohibition of that statute.

It is true that the English authorities hold that a notice of protest served on Sunday is to be considered as received on Monday: *Byles on Bills* 224. But our Act of Assembly is more comprehensive in its terms than the English statute of 29 *Charles* 2, c. 7, which forbids only labor in one's "ordinary calling on Sunday," whereas the statute of 1794 is aimed against "any worldly employment or business whatever:" *Johnston* v. *The Commonwealth*, 10 *Harris* 108; *Omit* v. *The Commonwealth*, 9 *Id.* 432; *Kepner* v. *Keefer*, 6 *Watts* 233. If the plaintiff in error was not bound to receive the notice on Sunday, neither was he bound to open and read it on Monday. He said nothing to lull the officer of the bank into security. The mere taking of the notice from his hands in silence, though informed of what it was, cannot be construed into an agreement to accept it and a waiver of the irregularity; we must be careful not to open the door to exceptions which will fritter away the plain provisions of the law. Especially is it in the construction of written statutes that hard cases have made bad precedents. Thus we have seen the Statutes of Uses, of Frauds and Perjuries and of Limitations, almost judicially repealed by exceptions gradually introduced by constructions. In such cases it is a safe rule *obsta principis*.

Judgment reversed, and *venire facias de novo* awarded.

Deciphering Burned Documents.—Bankers whose vaults have been subjected to the ordeal of fire, will appreciate the efforts of M. Rathelot, an officer of the Paris law courts, who has succeeded in an ingenious manner in transcribing a number of the registers which were burned during the Commune. These registers had remained so long in the fire that each of them seemed to have become a homogeneous block, more like a slab of charcoal than anything else, and when an attempt was made to detach a leaf it fell away into powder. Many scientific men had examined these unpromising black blocks, when M. Rathelot hit upon the following method of operation: In the first place he cut off the back of the book so as to leave nothing but the mass of leaves which the fire had caused to adhere to each other; he then steeped the book in water, and afterwards exposed it, all wet as it was, to heat; the water, as it evaporated, raised the leaves one by one, and they could be separated, but with extraordinary precautions. Each sheet was then deciphered and transcribed, and the copy certified by a legal officer. In this way the records of nearly 70,000 official acts have been saved. The appearance of the pages was very curious; the writing appeared of a dull black, while the paper was of a lustrous black, something like velvet decorations on a black satin ground, so that the entries were not difficult to read.

FLUCTUATIONS OF THE N. Y. STOCK EXCHANGE,

FOR THREE MONTHS.

Quarterly Report, Compiled by THOMAS DENNY & Co.,
Stock and Bond Brokers, 39 Wall Street.

(Coutinued from page 967, June No.)

STOCKS.	MAY, 1874.		JUNE, 1874.		JULY, 1874.	
	Lowest.	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*
U.S. Six per cts. of 1881, Coupon Bds.	120½	122	121⅛	122	116	118¾
" Five-Twenty of 1862, "	115	115⅝	113⅜	115½	112½	113⅝
" " 1864, "	116½	117¼	116¼	117½	115⅝	116½
" " 1865, "	117⅞	118⅜	117¼	118¼	116¾	117¾
" " 1865, New,"	119	120¼	119½	120⅞	115½	117
" " 1867, ...	119½	120⅞	119½	121⅜	115¾	117⅞
" " 1868, ...	119½	120½	119¾	121¼	116	118¼
" Ten-Forty Coupon Bonds.....	114¾	115⅜	113⅛	114½	112¼	114
" Five per cent. of 1881, Coupon	115	115½	113	115⅜	112¼	113½
" Six per cent. Currency	116½	117¼	114⅝	115¾	115¾	117¾
Canton Company of Maryland	55	69	55	55	..	..
Delaware and Hudson Canal Co....	116	117	116¾	119	114	119½
Consolidated Coal Co. of Maryland.	39	43	40	43	41½	44
Quicksilver Mining Co.	23	26¼	25	25	23	24
" " Preferred ..	30	35¼	29	29	..	..
Mariposa Land & Mining Company.	3	5	3	4¾	..	..
Union Mining Co. of Tennessee ...	..	..	..	..	..	..
Western Union Telegraph Co......	69	75⅛	69	76	70	75½
Pacific Mail Steamship Company...	40⅝	45⅞	39½	45⅞	42	45
Adams Express Company	98	109½	104⅞	108¼	106½	108½
Wells, Fargo & Co. Express Co....	75	77	76¾	80¾	73	80½
American Express Company.......	61	63¼	60	64¼	60	61½
United States Express Company...	66¾	68	67	71	67	71
N. Y. Central & Hudson River R.R.	95⅞	98⅞	96⅛	101	97¾	100⅜
Erie Railroad	34	36¾	26⅛	34⅜	30	33¼
" Preferred	57	61	55	55	47¼	47¼
Harlem Railroad..................	126	129	125¾	129½	123½	126
" Preferred	..	..	..	..	..	..
N. Y., New Haven & Hartford R.R.	131½	133	127¾	133	128	129½
Michigan Central Railroad Co......	75	77⅝	72	77½	69¾	75
Lake Shore & Mich. Southern R. R.	73¾	77½	67⅞	77⅝	70½	76⅞
Panama Railroad Company........	103½	108½	106½	111½	106	112
Union Pacific Railroad Company...	25¾	34⅞	23	29⅛	25	28⅝
Illinois Central Railroad Co........	98	101½	94	99½	96½	99
Cleveland & Pittsburgh R. R. Co...	87⅛	89	87	87⅞	87¼	88¾
" Col., Cinn. & Ind. R. R..	64	67	65	78	71	75
Chicago, Rock Island & Pacific R. R.	94½	99¾	92½	102⅞	95½	101⅛
Pittsb'gh, Ft. Wayne & Chicago R.R.	93¼	94¼	93¾	95⅛	92	94
" " " Special	..	..	..	..	..	..

Stocks.	May, 1874. Lowest.	May, 1874. Highest.	June, 1874. Lowest.	June, 1874. Highest.	July, 1874. Lowest.	July, 1874. Highest.
Chicago, Burlington & Quincy R. R.	102	103	100¼	108	102½	107⅛
" & Alton Railroad Co.	101	103	100	105	102½	104
" " " Pref.	106	107	106	107¼	..	..
" & Northwestern R. R. Co.	39⅜	47	35	44⅞	34¾	43⅝
" " " Pref.	57	66⅛	53¾	62¼	52	60¾
" Milwaukee & St. Paul R. R.	31¼	37⅝	31¾	41½	32¼	39⅞
" " " Pref.	48	56½	51¾	60¼	51½	58
Toledo, Wabash & Western R.R.Co.	34¾	41⅜	29	39¼	33¼	38½
" " " Pref.	..	..	..	..	..	..
St. Louis & Iron Mountain R. R. Co.	22	38	24	28½	25	28
Pacific R. R. Co. of Missouri	35	41	40	42	39	41¼
St. Louis, Kansas City & N. R.R. Pref.	20	27	..	..	..	..
Atlantic & Pacific R. R., Preferred	13½	16	13⅞	16⅝	13¾	16⅜
Del., Lackawanna & West. R. R. Co.	106	109¼	106½	110⅝	105	108
Alton & Terre Haute R. R.	..	..	10	10	..	..
" " " Preferred	..	..	28	30	25	25
Morris & Essex Railroad Co.	94½	97	93	97½	93¼	94¾
New Jersey Central Railroad Co.	105	107	106	108¾	105	108¼
Rome, Watertown & Ogdensb'g R.R.	80	80	80	80	80	80
Rensselaer & Saratoga R. R. Co.	110	110	106¾	110½	..	..
Ohio & Mississippi R. R. Co.	22¼	26⅜	21⅞	26⅞	23½	26⅜
Dubuque & Sioux City Railroad Co.	60	60	..	..	..	..
Central Pacific R. R. Co.	..	..	..	..	..	..
Hannibal & St. Joseph R. R.	25	31	23½	28½	25½	27½
" " " Pref.	30½	33½	29¾	32½	31	32¼
Boston, Hartford & Erie R. R.	1⅛	1⅝	¾	1¼	1	1⅞
Col., Chicago & Ind. Central R. R.	18½	22	14½	20¼	15¾	19⅛

London Banking Deposits.—The accounts of the principal London banks which have so far been issued for the half-year ending 30th June, contain some evidence as to the extraordinary ease of money at the present time. There has been a great increase of deposits, as compared with the same date of last year, as the following table shows:

Deposits of the Undermentioned Banks at 30th June, 1873 and 1874, Compared.

	June, 1874.	June, 1873.	Increase.
London and Westminster	£31,244,000	£28,383,000	£2,861,000
Union	13,918,000	13,371,000	547,000
London Joint-Stock*	21,871,000	17,404,000	4,467,000
Total	£67,033,000	£59,158,000	£7,875,000

The exceptionally large increase of the deposits of the London Joint-Stock Bank, which keeps the account of the German Government, may perhaps have some connection with that account, but the increase with the other banks, it will be observed, is also very large. The Chairman of the London and Westminster Bank stated that of the increase with them about £2,000,000 was in current accounts, an indication that the deposits are not increased by the interest bid for them, but that it is money for which employment cannot easily be found which has accumulated. The account of the National Discount Company, it may also be mentioned, shows an increase of £1,000,000, but we omit Discount Companies from the comparison, as the increase in their deposits may partly be the increase in that of the banks in another form; in any case it is not required to refer to the Discount Companies to show the magnitude of the accumulation which has occurred.—*London Economist.*

* Including acceptances.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statement, July 1, 1874.

Debt Bearing Interest in Coin.		
Bonds at six per cent	$1,213,228,050 00	
Bonds at five per cent	511,025,200 00	
		$1,724,253,250 00
Debt Bearing Interest in Lawful Money.		
Certificates indebtedness at 4 per cent	678,000 00	
Navy pension fund at 3 per cent	14,000,000 00	
		14,678,000 00
Debt on which interest has ceased since maturity		2,740,830 26
Debt Bearing no Interest.		
Old demand and legal-tender notes	$382,076,707 50	
Certificates of deposit	55,955,000 00	
Fractional currency	45,719,792 72	
Coin certificates	33,469,000 00	
		517,220,500 22
Total debt		$2,258,892,580 48
Interest		26,894,238 41
Total debt, principal and interest		$2,285,786,818 89
Cash in the Treasury.		
Coin	$71,113,210 99	
Currency	16,913,232 87	
Special deposit held for redemption of certificates of deposit, as provided by law	55,955,000 00	
		143,981,443 86
Debt, less cash in the Treasury, Aug. 1, 1874		$2,141,805,375 03
Debt, less cash in the Treasury, July 1, 1874		2,143,088,241 16
Decrease of debt during the past month		1,282,866 13
Decrease of debt since June 30, 1874		1,282,866 13
Bonds Issued to the Pacific Railway Companies, Interest Payable in Lawful Money.		
Principal outstanding		$64,623,512 00
Interest accrued and not yet paid		323,117 56
Interest paid by the United States	$24,325,396 98	
Interest repaid by transportation of mails, &c.	5,331,289 17	
Balance of interest paid by the United States		18,994,107 81

[For comparison with previous periods see Banker's Magazine for August, page 136.]

"Silence is Golden."—"During my long commercial experience I have noticed that no advantages result from telling one's business to others, except to create jealousy or competition when we are fortunate, and to gratify our enemies when otherwise."—Stephen Girard.

NATIONAL BANKS OF THE UNITED STATES.

June, 1874.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National banks of the UNITED STATES, at the close of business, on Friday, the 26th day of June, 1874, compared with the returns of June 13, 1873:

RESOURCES.	*June 26, 1874.* 1,983 *banks.*		*June 13, 1873.* 1,968 *banks.*
Loans and discounts	$922,000,135	..	$925,557,682
Overdrafts	4,194,937	..	——
U. S. bonds to secure circulation	390,281,700	..	388,080,300
U. S. bonds to secure deposits	14,890,200	..	15,935,000
U. S. bonds on hand	10,456,900	..	9,789,400
Other stocks, bonds, and mortgages	27,010,727	..	22,912,415
Due from redeeming and reserve agents	97,871,517	..	97,143,326
Due from other National banks	45,770,716	..	43,320,792
Due from State banks and bankers	12,469,592	..	14,073,287
Real estate, furniture and fixtures	37,270,877	..	34,820,562
Current expenses	7,550,125	..	7,154,211
Premiums paid	8,563,262	..	7,890,962
Checks and other cash items	10,496,257	..	13,036,482
Exchanges for clearing house	63,896,271	..	91,918,526
Bills of other National banks	23,493,242	..	20,394,772
Bills of State banks	34,749	..	——
Fractional currency	2,283,899	..	2,197,559
Specie	22,326,207	..	27,950,086
Legal-tender notes	103,108,350	..	106,381,491
U. S. certificates of deposit for legal tenders	47,780,000	..	22,365,000
Three-per-cent. certificates	——	..	305,000
With U. S. Treasurer to redeem circulation	91,250	..	——
Aggregate Resources	1,851,840,913	..	1,851,234,860

LIABILITIES.	*June 26, 1874.* 1,983 *banks.*		*June 13, 1873.* 1,968 *banks.*
Capital stock	$491,003,711	..	$490,109,801
Surplus fund	126,239,308	..	116,847,454
Undivided profits	58,331,966	..	55,306,154
National bank notes outstanding	338,538,743	..	338,788,504
State bank notes outstanding	1,011,351	..	1,224,470
Dividends unpaid	1,240,145	..	1,400,491
Individual deposits	622,863,154	..	641,121,775
U. S. deposits	7,323,831	..	8,691,001
Deposits of U. S. disbursing officers	3,238,639	..	6,416,275
Due to National banks	143,033,822	..	137,856,085
Due to State banks and bankers	50,227,426	..	40,741,788
Notes and bills re-discounted	4,436,256	..	5,515,900
Bills payable	4,352,561	..	7,215,157
Aggregate Liabilities	1,851,840,913	..	1,851,234,860

(For previous reports see BANKER'S MAGAZINE for July, page 70).

BANKING AND FINANCIAL ITEMS.

REDEMPTION UNDER THE NEW LAW.—The total amount of National bank notes received for redemption August 24th is about $18,000,000. The Treasurer, in reply to a correspondent, referring to the redemption of National bank notes, says he agrees with him as to the injustice of holding innocent parties liable for National bank notes which have been stolen while in the custody of the Government, the signatures forged, and the notes put in circulation, and that he intends, in his next annual report, to recommend that the Government shall redeem notes which have been stolen from its custody, and that the banks of issue shall be compelled to redeem those stolen from them. In the absence, however, of such an enactment, his only course is to reject all such notes. The agency will redeem fragments of bank notes equaling or exceeding three-fifths of their original proportions at their full face value, provided the name of the bank and the signature of one of its officers are clearly distinguishable. It will also redeem for the full face value, fragments less than three-fifths, which the Comptroller of the Currency has certified he will accept as full notes. Fragments which the Comptroller has certified that he will accept at less than face value will not be redeemed by the agency, unless two or more fragments of notes of the same denomination are presented, the aggregate redeemable value of which is equal to a full note. That is to say, two fragments of ten dollar-notes, each of which the Comptroller is willing to accept as five dollars, will be redeemed as a ten-dollar note. This course has been decided upon in order to prevent complication to the Treasurer's account by the redemption of notes for a fractional part of their face value.

A knotty question on this point has been suggested. In the circular of July 11th, it was announced that fragments of National bank notes equal to three-fifths would be redeemed at their full value by the Treasury, while fragments less than three-fifths must be presented to the issuing bank. Under this ruling a bank may find itself called upon to pay for seven-fifths of some note originally supposed to comprise only five!

A rather small feature of the redemption business is that which denies to parties remitting currency the privilege of having the proceeds remitted to their correspondents in New York. There is so little inducement for any to forward this currency that the loss of a few days' interest is likely to leave no advantage whatever. The contract with the express company expressly prohibits this option, and requires that legal tenders be returned by express in all cases.

THE FUTURE POPULATION of the United States is the subject of another interesting paper read by Professor Elliott, of Washington, before the American Science Association, at Hartford. By an elaborate system of calculation, based upon the censuses that have been already taken, he finds that, on June 1st, 1874, the population of the United States was 43,167,000, an increase of over four and one-half millions since the last census was taken. The estimate for 1875 is 44,384,000; for 1876, the Centennial year, 45,627,000, and for 1880, when the next decennial census will be taken, 50,858,000. These calculations show quite plainly the waste of population caused by the late war. Had there been no war, and had we, therefore, gone on growing at the rate previously shown, the census of 1870 would have given a population of 41,718,000, or over three millions more than the total actually given—38,558,371. The larger figure was not reached until 1873, showing that the war caused a loss equivalent to three years' growth.

A TREASURY CIRCULAR forbids supervisors or collectors of internal revenue employing as clerks their wives or minor dependent children, and thereby increasing their own compensation beyond their legal salaries. A very sound civil-service rule. Salaries have been in many instances essentially doubled by this little but very common trick.

THE DELINQUENT PACIFIC RAILWAY COMPANIES.—The act of Congress of July 1, 1862, providing for the construction of a railroad from the Missouri River to the Pacific, required that 5 per cent. of the net earnings of the road should go to the United States Government. A later act, of a similar nature, contains the same provisions in the cases of other railroads. It seems that none of the roads have paid this tax, and during the last session of Congress a law was passed providing for the enforcement and the collection of the moneys due the United States from those roads. The act directs the Secretary of the Treasury to demand the payment of all sums thus due or which become due; the official notice to be sent to the Treasurer of each company. If he fails to make payment within 60 days from the time the demand is made, the Secretary is required to certify the facts to the Attorney-General, who is directed to begin suit at once for the recovery of the delinquent dues. In accordance with this act, which was approved June 22, 1874, Secretary Bristow has directed the Solicitor to prepare a demand on the delinquent roads, which will be at once served and followed up with judicial proceedings.
—*Washington Star.*

THE SECURITY BANK.—The Committee of the Directors to whom was assigned the duty of winding up the affairs of this bank, report that after paying the depositors in full, there is a cash balance left of $100,000. It was in contemplation to pay this amount to the stockholders, but this distribution is necessarily reduced in consequence of a suit for $30,000, brought by the assignees in bankruptcy of a former director for certain securities alleged to have been left with the bank. Among the other assets is a claim against the National Bank of the Commonwealth for $50,000, which, being resisted by the receiver of that institution, its value is uncertain. A large amount of past-due paper is believed to be worthless. The Committee express the hope of being able to make a larger dividend than the present outlook would appear to warrant, but can give no intimation of time or amount. The cashier issues a notice to the stockholders, accompanying the report, that on and after Sept. 1 a distribution amounting to 15 per cent. upon the capital stock will be made to holders of certificates.

THE NATIONAL BANK OF THE COMMONWEALTH.—A correspondent informs us that Mr. GEORGE ELLIS, the late President of this bank, has a good defense in law against the charge to which we referred last month. Similar assurances have reached us from other sources entitled to credit. No fraud of any kind, to the detriment of the bank, has ever been charged against Mr. ELLIS, whose personal character as a bank officer is known to have always stood extremely well among the mercantile and banking community. The charge was, that in December, 1872, in his capacity of President, he used the bank's money, contrary to law, for the purchase of shares of its stock to the amount of $50,000. To this charge his friends claim that he has a good defense. They also argue that vexatious suits, if brought against faithful bank officers on insufficient grounds, can scarcely fail to increase the unpopularity of the National banking system, against which a strong public agitation is being gotten up on this very ground of vexatious interference on the part of Government officials.

THE EIGHTH NATIONAL BANK—RESISTING STOCKHOLDERS.—At a meeting of stockholders of the broken Eighth National Bank, on July 27th, it was resolved to contest a suit brought against them by ALBON MAN, the receiver. This suit was brought to recover 54 per cent. on the stock held by them, in order to pay the 40 per cent. still due depositors. The meeting resolved to begin a civil suit against the officers and directors to recover the full amount of the stock invested by those represented at the meeting, on the ground of mismanagement and misappropriation of funds by the managers of the bank. The amount of stock thus represented is said to be about $100,000.

DEAN'S INTEREST AND EQUATION TABLES.—A cashier at ASHTABULA, Ohio, in remitting for a copy of this work, writes, on August 18th, to this office: "I am highly pleased with the book. It is the most complete set of interest and equation tables I have met with."

POLICE PROTECTION FOR THE BANKS.—A number of the leading bankers and officers of the New York Stock Exchange, headed by Mr. John B. Norris, and John S. Denny, Jr., recently visited the headquarters of the Police Department and requested increased and immediate protection for the banks. The Commissioners accordingly instructed Superintendent Walling to detail a permanent corps for the purpose of patrolling in citizen's dress the entire bank district, with orders to arrest at sight any suspicious visitor. The Superintendent promptly organized the corps, and it is now on active duty.

SETTLEMENTS IN CONFEDERATE MONEY.—The Supreme Court of Alabama has just decided (Riddle *v.* Hill) that in construing a promissory note given in this State, in 1863, for the purchase-money of personal property, and payable in "dollars," the courts will take judicial notice of the public historical facts connected with the condition and currency of the country at that time; and will receive evidence of a contemporaneous parol agreement between the parties, that Confederate currency would be received in satisfaction of the debt, as a fact aiding the court, in connection with the particular circumstances surrounding the parties, to ascertain their intention and the sense in which they used the word dollars. This decision denies that payment should be made in gold or silver, lawful currency of the United States, when the laws of the United States Government were not in force in Alabama, but while the State was controlled by Confederate laws restricting the circulation of the currency then used by the United States Government.

Judge Peters dissented from the arguments of his associates, saying: "I am unwilling to pledge myself to the principle, that an administrator has power to dispose of the property of the deceased, except by sale for some legal-tender currency, or for specie. I do not recognize the principle settled in Thorington *v.* Smith as authorizing such a sale as the one set up here."
—*Mobile Register, July* 12.

ALABAMA.—The People's Savings and Loan Association has been organized at Eufaula, with a cash capital of $80,000, to be increased by 1st October, to $100,000. This is the only chartered banking corporation in South-Eastern Alabama, and will do a general banking and exchange business under the management of H. C. Hart, President, and A. A. Walker, Treasurer. Their card will be found in the usual place in this Magazine. The Hanover National Bank is their principal New York correspondent.

CALIFORNIA.—The PACIFIC BANK of San Francisco reports an accumulation of $206,110.53 to the credit of its surplus fund, which, with its capital ($800,000), is paid up in United States gold coin. The art of taking care of money, as well as the less difficult one of making it, seems to be understood among the bankers of the Pacific slope.

San Jose.—The banking business of McLaughlin & Ryland, of this place, has been incorporated under the name of THE COMMERCIAL AND SAVINGS BANK OF SAN JOSE, with a capital of $1,000,000, gold coin. Its officers are as follows: B. D. Murphy, President; C. T. Ryland, Vice-President; Edward McLaughlin, Manager; Herman Hoffman, Cashier. New York correspondents, Messrs. Eugene Kelly & Co.

CONNECTICUT.—The Directors of the Hartford National Bank have elected Mr. James Bolter, late Cashier, to be President, in place of Mr. Henry A. Perkins, deceased. Mr. W. S. Bridgman, heretofore Assistant Cashier, has been made Cashier.

Attempted Robbery.—A bold attempt was made on the night of August 18th to rob the National Bank at Ansonia. Five masked burglars surprised and overpowered the watchman, while he was eating his lunch in a factory adjoining the bank, and after chaining him took the keys of the bank from his pocket and entered at a rear door. A small orifice in the stone vault was made by nitro-glycerine, but the safe could not be reached, and the burglars left at 4 o'clock, on a hand car. There were only about $8,000 in the safe at the time. Some burglars' tools and a bottle of nitro-glycerine were afterwards found near the bank.

KENTUCKY.—The Merchants' Bank of Kentucky, organized under State charter in September, 1860, and continuing business as a State bank to August 5th, 1874, has been converted into a National association under the National bank act, and will hereafter be known as the MERCHANTS' NATIONAL BANK. Its capital remains as before—$500,000, and the directors and officers continue unchanged, viz.: H. C, Caruth, President; John H. Thomas, Vice-President; J. H. Lindenberger, Cashier, and William R. Johnson, Assistant Cashier.

MARYLAND.—Mr. CHARLES GOODWIN, Cashier of the Franklin National Bank of Baltimore, died at Rawley Springs, Va., on the night of August 7th, of heart disease. He retired well at 11 o'clock, and was found dead next morning. Some time since Mr. Goodwin was stricken with paralysis, and about one month before his death went to Rawley Springs, hoping there to be restored to health. Mr. Goodwin was in the 77th year of his age, and was born in Fredericksburg, Va. For about 24 years he was connected with the Merchants' Bank, and in 1861 was appointed Cashier of the Franklin Bank, which position he held at the time of his death.

THE FREEDMAN'S SAVINGS BANK.—A largely attended meeting of the colored men and women. depositors in the Freedman's Savings Bank in Baltimore, was held on August 10th, at which much indignation was expressed and the bank bitterly denounced. A series of resolutions was adopted indignantly censuring the management of the bank, calling for a statement of its affairs, and recommending that depositors in the branches of the bank in the several States take some action with regard to settling up its affairs. A committee was appointed to visit Washington and ascertain from the three Commissioners appointed to wind up the bank, at what time they will probably report.

MASSACHUSETTS.—ANOTHER DEFALCATION.—The visit of Mr. Needham, National Bank Examiner, to the MILFORD NATIONAL BANK, resulted in his preferring charges against the cashier, A. G. Underwood, for dishonesty. The cashier was at once dismissed by the directors. Mr. Underwood always stood very high in the community, and was at one time a Bank Commissioner under the old State law. He is about 70 years of age, and had been in the bank many years. He makes no defense except that his salary was small. The "irregularity" is the result of the appropriation by Underwood of commissions and fees that properly belonged to the bank, the extent of which, after a long series of years, is only in the neighborhood of $3,500, which had been paid into the bank before its examination by Mr. Needham.

TAXATION OF BOSTON BANKS.—According to the recent returns of the city assessors, the capital of the Boston banks amounts to $68,728,800, which includes $3,035,300 invested in real estate. The increase of valuation during the year has been about two and a half millions. Of the total amount only $17,733,827.57 is owned by residents of Boston. This is about twenty-six per cent. of the whole, the balance being held largely by Savings' institutions and residents of other places. Non-residents of Massachusetts hold about ten per cent.—*Boston Journal.*

LAKE SUPERIOR IRON SHIPMENTS.—"SHINPLASTERS" DISCREDITED.—A letter from Marquette, Mich., to the Pittsburgh *Commercial* says that the total amount sent forward from the district this season, up to the end of July, may be given at 359,000 tons of ore, and 19,074 tons of pig iron. The shipments last season, up to August 2d, the nearest comparative date accessible, were 478,103 tons of ore, and 13,916 tons of pig metal, showing a decrease thus far this season of 119,103 tons of ore, and an increase of 5,158 tons in pig iron shipments.

The "iron currency" company drafts for small amounts, which have been so long in use in this section, are doomed and are being retired rapidly. A decision of the Circuit Judge, in a case where the currency was imitated, and orders from the Comptroller of the Currency to tax further issues, are having the effect to send the stuff out of circulation. The decision referred to was, that the currency being in the similitude of a bank bill, was issued in violation of a State law, and was worthless, and could not be the subject of forgery.

LOOSE SAVINGS BANK MANAGEMENT.—The report of the Special Committee in Connecticut (see page 195 of present number) is followed by one in New Hampshire, of which the Providence *Journal* remarks as follows:

The inquiry of a special legislative committee into the affairs of the Concord National Savings Bank, New Hampshire, the cashier of which, W. W. Storrs, embezzled something over $50,000, discloses a mismanagement which it is to be hoped could hardly be paralleled in New England. The first defalcation occurred in 1868, in October, when the amount taken was $7,500. In December there was another embezzlement, and both might have been discovered by a slight examination of the books. But the trustees were also guilty of a breach of trust; they appropriated interest to their own use which belonged to the bank; they traded stock as their own which was purchased for the bank, and they taught the cashier by their acts that they were not only indifferent to the rules of honesty, but that they were in no position to enforce honesty on his part.

NEW JERSEY.—The following is the amendment to the usury law of 1846, passed at the last session of the Legislature:

[CHAPTER 359.] 1. *Be it enacted by the Senate and General Assembly of the State of New Jersey*, That no bond or mortgage for the payment of money heretofore made or issued, or that may hereafter be made or issued, by any corporation created by or under the laws of this State, shall be held, deemed, or considered invalid, or liable to any deduction from the amount that may become due thereon, because such bond or mortgage may have been made, issued, sold, assigned or otherwise disposed of by such corporation below the par value thereof; *provided* such bond or mortgage shall be valid on its face; *and provided also*, that this act shall not apply to any suit now pending.

2. *And be it enacted*, That this act shall take effect immediately.

NEW YORK.—The question of taxation of National bank stocks in this State has been brought to a testing point by a case at Albany. The *Argus* of that city thus describes it:

Owners of bank stock have for years complained that they were being assessed largely in excess of their relative proportion. The State law provides that National bank stock shall be assessed at the same ratio as other property; and the National law provides that National bank stock shall be subject to State taxation not exceeding the rate imposed upon other banks. It is claimed that these laws are violated. Efforts have been made by bankers to secure a remedy of the alleged inequality, which have failed, and finally it has been determined to bring the matter before the courts, in the only way it can be speedily and effectually done. To this end, Mr. C. P. Williams, Cashier of the Albany National Exchange Bank, notified the receiver of taxes that he should not pay the assessment upon his bank stock, and at the same time stating to that officer that of course he knew his duty, and must proceed in its discharge. Consequently the necessary proceedings were taken to enforce collection, Mr. Williams bidding in certain household property offered for sale, and thus a case was made up for the courts. His attorneys are Hon Matthew Hale, of this city, and Hon. C. B. Sedgwick, of Syracuse. It is expected that the case will reach the Supreme Court of the United States before final decision. We understand that the assessors submitted the case to the Comptroller, who informed them that the law required them to assess the stock at its full value, and hence the assessors did not feel at liberty to make any change in the assessment. To this the response of Mr. Williams is, that the law is enforced against bank stockholders, but violated with regard to every one else As illustrating the enormous growth of taxation, Mr. Williams states that the Exchange Bank, in two and a-half years since 1865, has paid more taxes than during twenty-five years prior to the war, although then its capital was several thousand dollars more than it is now. That is, in ten years the bank had paid four times as much taxes as in the twenty-five years referred to, and in twenty-five years, at the same rate, will have paid ten times as much.

New York.—The general assessors of Troy have assessed real estate at one-third of its market value and bank stock at its par value (an advance of twenty-five per cent. over the assessment of last year). Deeming this very unjust, the bankers of that city have met and appointed a committee to endeavor to effect an equalization of the assessments.

Orders as Currency.—The Oswego Starch Factory having been called upon by the Internal Revenue authorities to pay a tax on its "orders," which have been used for twelve years past as "currency," has withdrawn the orders from circulation. These orders have been given to employees every other week, in payment for the week's services.

Adroit Larceny from a Bank.—On July 29, two men entered the First National Bank of Batavia, N. Y., about noon, and asked for greenbacks in exchange for a quantity of coin. The Cashier counted the coin, when the men alleged that he had made a mistake. After recounting it the men received the greenbacks and left. About 4 o'clock it was found that $9,200 were missing from the safe, and it was ascertained that while the Cashier's attention was engaged by the two men a boy had slipped round to the safe and taken the money.

Ohio.—Mr. David Overdier, for many years the faithful Cashier of the Franklin National Bank of Columbus, and of its predecessor, the Franklin Bank, died at his residence in that city on July 23d, after a painful illness of several months' duration.

During Mr. Overdier's illness, the Board of Directors appointed Mr. C. J. Hardy (formerly Cashier of the National Exchange Bank) assistant Cashier of the Franklin Bank. Mr. Hardy will fulfill the responsibilities of the office until the Directors shall elect a permanent Cashier, which will not be until October.

Pennsylvania Finances.—The debt of Pennsylvania, under the system of gradual redemption, is being steadily reduced. The Sinking-Fund Commissioners, viz., the Auditor, Treasurer, and Secretary of State, report that on August 1st the total debt was $24,999,785, and that there is in the sinking fund $526,947 available for further reduction. During July $21,000 of the debt was redeemed, and at the end of that month over $450,000 of the general revenue fund of the State was on deposit with various banks and bankers, without collateral or interest. The constitution of the State requires that in the reduction of the debt not less than $250,000 shall be paid off annually. Since January 1 the reduction has been $800,000, and is expected to reach $1,200,000 by the close of the year.

The Philadelphia Security Company.—At No. 819 Chestnut Street, a magnificent office, resplendent with plate-glass and costly fittings, has been for some months occupied by the "Security Company," of which Mr. Harrison Grambo was announced as the President, and Anthony M. Zane, the Secretary. The business of the Society was banking, insurance, real estate, and stocks. Its office was closed on July 30, and the cause is stated in the Philadelphia *Ledger* to be a judgment obtained for $1,200 against Harrison Grambo, on a suit brought to recover that sum, deposited with him, for investment, when in business on Walnut Street. The personal property of the Company has been levied upon, a watchman put on the premises, and the business necessarily suspended.

Rhode Island.—The managers of the Franklin Institution for Savings, at Providence, which was crippled last fall by the Sprague failure, have decided to allow the institution to go into the hands of a receiver and be closed up.

Texas.—The banking firm of Tidball & Wilson, at Fort Worth, has been dissolved, and is succeeded by the new house of Tidball, Van Zandt & Co., who transact not only a general banking and collection business, but invite also correspondence from parties desirous of making investments in that section. Their card, with ample references, will be found on the cover sheets of this Magazine.

CONFEDERATE CURRENCY.—A Richmond newsdealer wants a hundred thousand Confederate notes at twenty-five cents per hundred notes, whether one dollar or one hundred dollar bills.

THE CANADIAN BANK OF COMMERCE.—The seventh annual meeting of shareholders was held at Toronto on July 14th. The report of the directors states that the affairs of the bank continue in a sound and prosperous condition. After amply providing for all contingencies the net profits of the twelve months ending June 30th amount to $833,573. Two half-yearly dividends have been declared at four and five per cent. respectively, after the sum of $300,000 has been carried to "rest" account, making that fund $1,800,000; a balance of $7,373.49 remaining at credit of profit and loss account.

The business at the head office has so increased that a change has been made which makes Mr. JAMES S. LOCKIE, late Inspector, the Local Manager at Toronto, while Mr. W. N. ANDERSON, heretofore Cashier, is placed in the position of General Manager. This arrangement promises to be very favorable to the interests of the bank. To afford needed accommodation, an addition has been made to the building and a first-class vault erected at the head office. A branch has been established and is now in operation at the seat of Government, and agencies opened at two other points during the year.

At a meeting of the newly-elected board of directors the Hon. W. MCMASTER was re-elected President, and ROBERT WILKES, Esq., M. P., was elected Vice-President.

Messrs. J. G. HARPER and J. H. GOADBY continue to represent the bank in New York, at No. 50 Wall Street, as usual.

NEW BRUNSWICK.—The Bank of Nova Scotia has opened a branch in ST. JOHN, N. B., under charge of Mr. Pitcaithly, an old employee of the British Bank.

FORGED LETTERS OF CREDIT.—A continental banker in a letter to the London *Times*, gives an account of a new confederacy of forgers, who are already known to have succeeded in obtaining several thousand pounds from bankers on the Continent. The operations of the forgers appear to have been conducted by a gang traveling separately, and working by means of very perfect imitation of letters of credit of Baring Brothers & Co., of London. The forged documents were presented almost simultaneously in several cities and towns on the Rhine and in the south of France. The water-marks have been so well imitated that the paper on which the forgeries were drawn, is believed to be genuine.

NEW ENGLISH COIN.—In the year 1873 there were coined at the Royal Mint 2,382 832 sovereigns and 2,003,464 half-sovereigns, 5.965.740 florins, 6,486,480 shillings, 4,395,600 sixpences, 4,158 fourpences, 4,059,528 threepences, 4,752 twopences, 7,920 silver pence; and of bronze, 8,594,080 pence, 3.584,000 half-pence, and 3.225,600 farthings. The pieces of money coined, therefore, exceeded 40,000,000 in number, and would pass for sums amounting to £4,500.000 sterling. The demand upon the Mint for gold coin, which had been excessive in the two previous years, was sufficiently supplied, and ceased in 1873. The demand for silver continued unabated, and the demand for bronze coin continued to be excessive. In the course of the year the Mint received from the Bank of England light gold amounting to £950,075 for re-coinage, and a large amount of worn silver coin was withdrawn from circulation. The Sydney branch of the Mint coined and issued 1,478,000 sovereigns in 1873, and the Melbourne branch 752,000 sovereigns and 165,000 half-sovereigns.

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from August Number, page 163.)

☞ Additions for this list are solicited from the subscribers to this work.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Eufaula, ALA	Peoples' Sav. & Loan Asso.	Hanover National Bank
Chico, CAL	Bank of Butte County	American Exchange Nat. B.
Healdsburg, "	Bank of Healdsburg	First National Bank.
San Jose, "	Farmers' National Gold Bank	First National Bank.
" "	Commercial & Savings Bank	Eugene Kelly & Co.
Alma, COL	C. G. Hathaway & Co	Kountze Brothers.
Denver, "	Denver Safe Dep. & Sav. B.	....
Del Norte, "	E. T Elliott & Co	....
Washington, D. C.	E. McB. Timoney & Co	E. D. Randolph & Co.
Chatsworth, ILL	Bank of Chatsworth	....
Hillsboro, "	Farmers' Exchange Bank	....
Sycamore, "	Divine & Co	Winslow, Lanier & Co.
Evanston, "	T. C. Hoag & Co	....
Princeton, "	Farmers' National Bank	....
New Albany, IND	Second National Bank	....
Petersburg, "	Citizens' State Bank	Winslow, Lanier & Co.
Kokomo, "	Walker, Welsh & Co.	Winslow, Lanier & Co.
Atlantic, IOWA	Smith & White	Chemical National Bank.
Osage, "	Sweney Brothers	Third National Bank.
Riverton, "	L. Bentley & Co	Corbin Banking Co.
Arkansas City, KAN	Arkansas City Bank	American Exchange Nat. B.
Clay Centre "	John Higginbotham	Donnell, Lawson & Co.
Louisville, KY	Citizens' National Bank	National Bank of Commerce.
" "	Merchants' National Bank	Bank of America.
Russellville, "	Logan Co. National Bank	....
New Bedford, MASS	Edward L. Baker	Cammann & Co.
Benton Harbor, MICH	E. M. Hipp & Co	....
Leslie "	First National Bank	Ninth National Bank.
Kasson, MINN	First National Bank	Ninth National Bank.
Fairmont, "	Munger & Viesselman	....
St. Paul, "	Culver, Farrington & Co	Importers & Traders' N. B.
Trenton, N. J	J. W. Elberson & Co	J. L. Brownell & Bro.
Oswego, N. Y	Charles W. Pratt	National Shoe & Leather B.
Columbus, OHIO	Ide & Co	Saunders & Hardenbergh.
New Athens, "	John Dunlap, Jr	....
Steubenville, "	National Exchange Bank	Importers & Traders' N. B.
Jamestown, PA	Jamestown Banking Co	Importers & Traders' N. B.
Bristol, TENN	First National Bank	Fourth National Bank.
Jackson, "	First National Bank	....
Fort Worth, TEXAS	Tidball, Van Zandt & Co	Donnell. Lawson & Co.
New Braunfels, "	F. Moureau	Baltzer & Taacks.
San Antonio, "	F. Groos & Co	C. C. Roumage.
Beloit, WIS	First National Bank	Peoples' Bank.
Darlington, "	P. A. Orton & Co	Importers & Traders' N. B.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from August No., page 164.)

AUGUST, 1874.

☞ Banks are requested to furnish prompt notice of any future changes.

Name of Bank.	*Elected.*	*In place of*
Hartford Nat. B., Hartford, CONN.	James Bolter, *Pres*......	Henry A. Perkins.
" " "	W. S. Bridgman, *Cash*...	James Bolter.
German American B., Chicago, ILL.	C. Knobelsdorf, *Pres*.....	F. Lachner.
Muncie Nat. Bank, Muncie, IND.	F. T. White, *Pres*.......	John Marsh.
First National Bank, Sullivan, "	T. K. Sherman, *Cash*....	Medford R. Wilson.
Osage City S. B., Osage City, KAN.	A. M. Ellett, *Pres*.......	
" " " "	J. S. Danford, *Cash*......	J. R. Swallow.
First N. B., East Hampton, MASS.	Horatio G. Knight, *Pres*.	Samuel Williston.
Second Nat. Bank, St. Louis, MO.	Eugene H. Lachee, *Cash*.	N. J. Fairchild.
Capital Bank, " "	J. L. Bernecker, *Pres*....	L. Espenchied.
" " "	John Dierberger, *Cash*...	Wm. Throckmorton.
Keeseville N. B., Keeseville, N. Y.	Edmund Kingsland, *Pres*.	Nelson Kingsland.
First Nat. Bank, Union Mills, PA.	Thomas Wood, *Pres*.....	John Johnson.
First Nat. Bank, Wheeling, W. VA.	M. A. Chandler, *Cash*...	George Adams.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from August No., page 165.)

CALIFORNIA.—McLaughlin & Ryland, *San Jose*, (business incorporated as the Commercial and Savings Bank).

ILLINOIS.—John Stillwell & Co., *Chatsworth*, *(failed)*. Divine & Boynton, *Sycamore*, (succeeded by Divine & Co.)

IOWA.—S. H. Mallory, *Riverton*, (succeeded by L. Bentley & Co.) L. F. Wisner, *Iowa Falls*, (discontinued).

KANSAS.—John C. McMullen, *Arkansas City*, (succeeded by Arkansas City Bank). Second National Bank, *Leavenworth*, (closing).

MICHIGAN.—H. T. Allen & Co., *Leslie*, (succeeded by First National Bank).

MINNESOTA.—David Anthony, *Kasson*, (succeeded by First National Bank).

MISSOURI.—M. A. Plumer, *Holden*, (business transferred to Bank of Holden). Long, Grant & Co., *Kansas City*.

NEW YORK.—Pierce & Davis, *Castile*, (succeeded by G. A. Davis).

OHIO.—Exchange Bank, *Steubenville*, (succeeded by National Exchange Bank).

TEXAS.—Tidball & Wilson, *Fort Worth*, (succeeded by Tidball, Van Zandt & Co.) Dallas Co. Bank, *Dallas*, (succeeded by First National Bank).

WISCONSIN.—Louis C. Hyde & Brittan, *Beloit*, (succeeded by First National Bank). J. B. Doty & Co., *Darlington*, (succeeded by P. A. Orton & Co.)

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized July 25 to August 17, 1874.

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2159	First National Bank, Kasson, MINN.	David Anthony, E. E. Fairchild	$50,000	$35,910
2160	National Exchange Bank Steubenville, OHIO.	William Dougherty, J. J. Gill	200,000	100,000
2161	Merchants' National Bank, Louisville, KY.	H. C. Caruth, J. C. Lindenberger.	500,000	500,000
2162	First National Bank, Leslie, MICH.	Arnold Walker, Claud C. Walker	100,000	50,000
2163	First National Bank, Beloit, WIS.	Louis C. Hyde, W. M. Brittan	50,000	100,000
2164	Citizens' National Bank, Louisville, KY.	John G. Barret, ...	*344,000	344,000
2165	Farmers' National Bank, Princeton, ILL.	Henry H. Ferris, ...	50,000	30,000
2166	Second National Bank, New Albany, IND.	L. Bradley, M. A. Weir	100,000	60,000
2167	First National Bank, Bristol, TENN.	Henry S. Kane, Jos. R. Anderson	†50,000	50,000
2168	First National Bank, Jackson, TENN.	James W. Anderson, N. Rhodes	50,000	50,000
2169	Logan Co. National Bank, Russelville, KY.	James L. Rizer, Hugh Barclay, Jr.	50,000	35,000

* Stated by the Bank, $500,000.
† " " 300,000.

DIVIDENDS OF THE LAST FIVE MONTHS IN 1870 NOT TAXABLE.

In June, 1871, the National Park Bank paid, under protest, to Marshall B. Blake, Collector of Internal Revenue for this district, $3.591.09 assessed as taxes on dividends declared between July 1 and December 31, 1870. In July, 1871, the bank appealed to the Commissioner of Internal Revenue from this assessment and collection, demanding the return of the sum paid. This appeal was, in October, 1871, decided adversely to the plaintiff. Suit was therefore brought in the United States Circuit Court against the collector. The plaintiff claimed that, under the act of July 14, 1870, dividends of earnings, income and gains which were declared by banks during the last five months of 1870, were exempt from taxation. The case was submitted to Judge Shipman upon an agreed statement of facts, and was decided on July 27th. Judge Shipman upheld the plaintiff's claim, and ordered that judgment be entered in their favor for the amount of taxes paid upon the dividends and surplus earnings as specified in the statement of facts, with interest from the dates of payment.

Suits having also been brought by the National City Bank and the Fourth National Bank of this city to recover, on the same ground, from Revenue-Collector Blake taxes paid upon dividends in the latter part of 1870, Judge Shipman gave judgment for the banks, holding that these cases were governed by the decision given in the case of the Park Bank.

THE PREMIUM ON GOLD AT NEW YORK,

JULY AND AUGUST, 1874.

(Continued from August Number, page 162.)

1874.	Lowest.	Highest.		Lowest.	Highest.		Lowest.	Highest.
January ..	10⅛	12⅛	Aug. 1 ...	9¼	9⅝	Aug. 13 ...	9⅝	9⅝
February .	11⅜	13				14 ...	9½	9⅝
March ...	11¼	13⅝	3 ...	9¼	9⅜	15 ...	9½	9⅝
April	11¾	14⅜	4 ...	9¼	9⅜			
May	11⅞	13⅛	5 ...	9⅜	9½	17 ...	9½	9⅝
June	10½	12¼	6 ...	9⅝	10	18 ...	9⅝	9⅝
July	9	10⅞	7 ...	9⅞	10¼	19 ...	9⅝	9⅞
July 25 ..	9¾	10	8 ...	10	10¼	20 ...	9⅝	9⅞
27 ..	9½	9⅞				21 ...	9⅞	10
28 ..	9	9½	10 ...	9½	10	22 ...	9¾	10
29 ..	9	9⅜	11 ...	9½	9¾			
30 ..	9¼	9⅝	12 ...	9½	9⅝	24 ...	9⅞	10
31 ..	9	9½				25 ...	9⅝	10

MONTHLY PREMIUM ON GOLD, 1862-73.

DATE.	1862.		1863.		1864.		1865.		1866.		1867.	
January..	par.	05	34	60¾	51½	60	97½	134½	36¾	44⅝	32	37⅞
February.	02⅛	04¾	53	72½	57⅛	61	96⅜	116¾	35⅞	41¼	35¼	40⅛
March...	01⅛	02½	39	71¾	59	69¾	48⅛	101	25	36½	33⅝	40¾
April....	01⅛	02¼	46	59	66¼	87	44	60	25	29½	32¾	41⅞
May.....	02⅛	04⅛	43½	55	68	90	28⅝	45¼	25½	41½	34⅞	38⅞
June	03½	09½	40½	48⅞	89	151	35¾	47⅝	37⅝	67¾	36⅜	38¾
July.....	09	20⅛	23¼	45	122	185	38	46½	48¼	55¾	38	40¾
August ..	12½	16¼	22⅛	29¾	131½	162	40⅛	45⅝	46½	52¼	39¾	42⅜
Sept.....	16½	24	27	43⅛	85	155	42⅝	45	44	46¾	40⅞	46⅜
October..	22	37	40⅜	56¾	89	129	44	49	45⅝	54⅜	40¼	45¾
Nov.....	29	33¼	43	54	109	160	45½	48¾	37½	48⅜	37½	41½
December	30	34	47	52¾	111	144	44½	46¾	31¼	41¾	33	37⅞

DATE.	1868.		1869.		1870.		1871.		1872.		1873.	
January ..	33¼	42¼	34⅝	36¾	19⅝	23¼	10½	11¼	8⅛	10⅛	11⅝	14½
February .	39⅝	44	30⅞	38⅛	15	21½	10¾	12¼	9½	11	12⅞	15½
March ...	37⅞	41⅜	30¼	32½	10¼	16⅜	10⅛	11⅝	9¾	10½	14⅝	18½
April.....	37¾	40⅜	31⅜	34¾	11½	15⅝	10⅛	11¾	9⅞	13¼	16¾	19½
May......	39⅛	40½	34⅛	44¾	13¾	15½	11	12¼	12⅛	14⅜	16⅝	18⅝
June	39⅜	41¼	37	39⅝	10⅞	14¾	11¾	13⅛	13	14¾	15	18½
July	40¼	45¼	34	37⅞	11⅛	22¾	11¾	13⅝	13½	15¼	15	16¾
August ...	43½	50	31¼	37⅝	14¾	22	11⅝	13¼	12½	15⅝	14⅜	16½
September	41⅛	45⅛	30¾	62½	12¾	16¾	12¾	15⅜	12¾	15⅛	10⅞	16½
October...	33¾	40½	28⅛	31¾	11⅛	14¼	11½	15	12¼	15⅛	7⅝	11½
November	32⅛	37	21⅛	28⅜	10	13½	10⅜	12⅜	11⅜	14¼	6⅛	12½
December.	34⅜	36¾	19¼	24	10¼	11⅜	8⅜	10⅜	11⅜	13½	8⅜	10½

NOTES ON THE MONEY MARKET.

NEW YORK, AUGUST 22, 1874.

Exchange on London, at sixty days' sight, 4.87 *a* 4.87½ *in gold.*

There is little to observe with respect to the money market during the past month. The price of securities for investments might be represented by a horizontal line across the page, so slight has been the fluctuation from a dead level. In speculative shares several transient ripples of excitement have occurred, like the descent of a current of air from above to ruffle the glassy smoothness of a stagnant lake. The rates of money on call have ranged as low as 2½ per cent. a year, while bank rates for commercial paper have been maintained at from six to seven per cent. The following quotations of city bank stocks furnishes a good criterion of the steadiness of first-class investments:

	July 22.	*Aug.* 1.	*Aug.* 8.	*Aug.* 15.	*Aug.* 22.
City Bank........	300	300	300	300	301
Corn Exchange...	120	120	120	120	120
First National.....	200	200	200	200	200
Fourth National...	101¼	101	101	100	100
Ninth National....	100	100	100	100	100
Hanover..........	100	100	100	100	102
Irving............	125	125	125	125	125
Mechanics........	132	132	134	134	134
Peoples...........	140	140	140	140	140
Republic..........	108	108	—	105	105

The Clearing-House returns for the month include five weeks; and they show the beginning of the regular autumnal depletion of our city banks, though not to a disturbing extent. The subjoined statement of the fluctuations exhibits the progressive movement from week to week, and also the aggregate for the month.

	July 25.	*Aug.* 1.	*Aug.* 8.	*Aug.* 15.	*Aug.* 22.
Loans..........	$284,168,100	$282,012,600	$280,534,300	$279,250,200	$278,576,000
Deposits.......	244,313,300	242,741,300	242,261,600	237,915,500	238,864,100
Specie.........	26,646,700	25,293,700	25,740,000	22,352,000	19,954,900
Circulation.....	25,767,600	25,762,200	25,805,760	25,809,100	25,820,000
Legal tenders..	63,714,800	65.818,900	66,549,500	66,578,100	65,891,400

In the following table the circulation is omitted, as it is of such uniform volume as not to affect sensibly the general result. The star (*) indicates increase, and the dagger (†) decrease of the footing from week to week. Fluctuations for the week ending

	July 15.	*Aug.* 1.	*Aug.* 8.	*Aug.* 15.	*Aug.* 22.
Loans.........	*$2,376,600	†$2,155,500	†$1,478,300	†$1,284,100	†$674,200
Deposits.......	*1,329,700	†1,572,000	†479,700	†4,446,100	*948,600
Specie.........	†1,108,600	†1,353,000	*446,300	†3,388,000	†2,397,100
Legal tenders..	*1,861,100	*2,104,100	*730,600	*28,600	†686,700

Total decrease of loans from July 22 to August 22	$5,592,100
" of deposits " "	5,449,200
" of specie " "	6,691,800
Total increase of legal tenders from July 22 to August 22	2,176,600

This last summary shows the condition of the banks on the 22d of August, in contrast with their condition on the 22d of July.

The following are the general quotations of the market for the several classes of securities, which may be assumed as a fair average. The stable securities show scarcely an appreciable fluctuation, while the leading active speculative shares of the market show an advance of from 3 to 5 per cent. The market closes with this stronger feature.

Quotations.	*July* 25.	*Aug.* 1.	*Aug.* 8.	*Aug.* 15.	*Aug.* 22.
Gold	109¾	109⅜	110¼	109½	110
U. S. 5-20s, January and July	—	117⅝	117⅝	117⅝	117⅝
United States new fives	—	111⅛	112⅛	112	112⅜
Western Union Telegraph Co.	72⅝	74	75¼	74⅞	77¼
N. Y. Central and Hudson River	99⅝	100⅛	101¼	101⅞	102⅝
Lake Shore	71⅛	72⅞	73⅛	75⅜	74¼
Chicago and Rock Island	98	99⅛	99½	99¼	102⅛
New Jersey Central	105⅝	106⅛	106⅛	106	106¼
Erie	32⅛	32⅛	31¾	32⅛	32⅞
Bills on London 4.86¾ *a*	87½	87¼	87	87¼	87
Treasury balances, in millions	146	144	144	146	149

The reports of the Treasury Department from day to day are necessarily acquiring great weight and importance from the steadily increasing influence of simple organization, whether that organization is for the best or not. Formerly, when the New York Clearing House governed the whole financial system of the country, by its never-failing "barometer" of the level of specie, the reason why it was the best policy in the banks to contract or expand their loans was an open, plain matter, understood by everybody. The manager had only to touch the telegraph wires when specie was leaving the country too rapidly, and every bank in the country was warned to contract its credits, and dared not disobey. Now the case is different. The Treasury organization is of such predominance, and withal so little open to the common observation, that there is a settled chronic terror as to what may come next; and the general administration of finance in the country is under the perpetual fear of some new screw not heretofore applied. General GARFIELD, of Ohio, who is a leader of the dominant party in Congress, said, in a speech to his constituents a few days since, that he was in favor of "such a policy as will make it impossible for Congress to toss the business of the country up or down—of such a policy that no Congress or President can come in and change it from time to time, causing fluctuation and uncertainty in all the channels of business." This state of things keeps all the markets hanging, like Mahomet's coffin, between heaven and earth. There are signs of revival reported, however, during the last fortnight, in several of our chief cities and manufacturing centres. Our hotels are said to be filling up with merchants from the West and South, and the prospects are represented to be fair; but it is suspected, on the other hand, that there is considerable "whistling" in these representations, to create a favorable wind of opinion, and that the hotels themselves have something to do with it. The following extract from the *Journal of Commerce* embodies, we believe, the plain truth, and its simplicity and terseness will commend it to every cool-minded reader.

"The condition and prospects of trade are subjects of universal concern. The promises of the earlier months of the year have not been kept, and the present outlook into the future gives but little relief. There is no panic; no financial crisis, scarcity of money, food, or clothing; no general sickness; no apprehension of war;

no fear of rebellion; no political excitement; no sweeping conflagration; no desolating storm or inundation; in short, no menacing hand is lifted in any direction. Why then should there not be a bustle of activity on every side? Why are not our thoroughfares thronged with moving produce and merchandise, and our ships, canal-boats and railroad cars filled with outward and inward freights? Why is not every willing hand actively employed at remunerating wages, and the homes of the laborer filled with plenty and peace? It is worse than idle to deceive ourselves. There is no widespread and substantial prosperity. We can find no class of manufacturers, merchants, agriculturists, artizans, or common laborers, who are steadily earning a profit, or have full and contented employment. Every device or shift by which money is made, or a stipend gained, seems to be temporary, and hence all business affairs are very much unsettled. The merchants are not overstocked with goods, but they are trying to loan their capital on call, or take a turn with it in some speculative venture, rather than to employ it in gathering an assortment of the wares in which they deal. The consumers take hold still more sluggishly, and purchase only for immediate necessities. Everywhere there is a sense of depression, and discouragement to activity, an attitude of waiting without any foreshadowing of the form or character of the relief to be expected. There is no lack of theories for a solution of this mystery; but all that have any substance in them point to one fact: the people have no confidence in the present financial foundation."

The amount of counterfeit money in circulation has fully occupied the detectives of the Treasury Department for a year or more past. About a month since the public were cautioned against a new five-dollar bill on the Traders' National Bank of Chicago. The particular features of it were pointed out, and it was said to be easily distinguishable from the genuine. Since that it has been pronounced so good a likeness that even "the experts" of the Treasury Department with their microscopes find it difficult of detection. It is said to be an impression from the original plate, which was stolen from the Treasury vaults four years ago. Two men have been arrested at St. Joseph, Mo., one of whom had in possession $8,000 of the false bills, and the other $500. It is said that "even the experts at the Treasury Department in Washington" have been deceived by this bill. The extent to which the business of counterfeiting is carried on is almost inconceivable. In this city spurious fractional currency is so extensively circulated that people have fallen into the habit of taking it without examination. "So long as they get rid of it it answers as well as the genuine." It is not uncommon to hear this remark in our smaller stores. And as this currency never goes to the banks for deposit, there is no regular supervision over it. We have heard the gross amount of counterfeit paper money in the country estimated at from five to twenty million dollars. This may seem incredible; but when we remember how few there are who have "an eye" for the detection of the small differences between the false and the genuine bank note, and how "the experts" are deceived, even with the aid of the microscope, the wonder is not that there is twenty, but that there is not forty million of spurious paper in circulation. We suspect that the government is little aware of the formidable job that it has on hand in ferreting out these ubiquitous villains.

The Corporation Counsel of New York has begun suit against the Broadway Bank for certain checks with irregular and forged endorsements, connected with the operations of the "Tweed Ring," amounting in all to six million dollars. Mr. WILLIAM A. BOOTH, Chairman of the Citizens' Investigating Committee, in his report on the subject, made the following statement: "That the indorsements did not appear to be written by the parties in whose favor they were drawn; nor were they paid through the ordinary channel of the Clearing House, but were paid apparently at the counter of the Broadway Bank." The said indorsements were written by ten different persons, judging by the dissimilarity of the writing.

In foreign imports at this port the increase during the last few months has nearly overcome the falling off in the earlier months of the year, making the total since January 1st nearly the same as that of the corresponding period of last year:

Foreign Imports at New York for Seven Months from January 1.

	1872.	1873.	1874.
Entered for consumption	$ 118,640,268	$ 109,417,043	$ 104,993,640
Entered for warehousing	126,6c6,308	82 855,822	75,716,043
Free goods	22,850,813	57,006,581	68,002,636
Specie and bullion	2,819,482	2,941,662	3,068,408
Total entered at port	$ 270,916,871	$ 252,221,108	$ 251,780,727
Withdrawn from warehouse	89,832,451	73,875,844	65,497,724

The relative decrease in the imports of dry goods is now more strongly marked than ever. At the beginning of this half century the imports of dry goods were nearly half the total landed here; afterward for many years the proportion was one-third, but it is now only a little more than one-fourth of the whole.

The current of exports is marked by a satisfactory gain in shipments of produce and merchandise over the same period of 1873, which is still more gratifying when compared with the preceding year.

Exports from New York to Foreign Ports for Seven Months from January 1.

	1872.	1873.	1874.
Domestic produce	$ 119,582,556	$ 158,231,491	$ 164,114,175
Foreign merchandise, free	740,893	1,363,247	1,276,843
do. dutiable	6,196,022	5,514,646	4,494,969
Specie and bullion	54,363,587	37,857,927	33,122,394
Total exports	$ 180,883,058	$ 202,967,311	$ 203,008,381
do. exclusive of specie	126,519,471	165,109,384	169,885,987

DEATHS.

At LEWISTON, Me., on Saturday, May 30th, aged seventy-one years and six months, SAMUEL R. BEARCE, Vice-President of the FIRST NATIONAL BANK of Lewiston.

At HARTFORD, Conn., on Monday, June 29th, aged seventy-three years, HENRY A. PERKINS, President of the HARTFORD NATIONAL BANK.

At EASTHAMPTON, Mass., on Saturday, July 18th, aged seventy-nine years, SAMUEL WILLISTON, President of the FIRST NATIONAL BANK of Easthampton.

At COLUMBUS, Ohio, on Thursday, July 23d, aged fifty-nine years, DAVID OVERDIER, Cashier of the FRANKLIN NATIONAL BANK of Columbus.

At RAWLEY SPRINGS, Va., on Thursday, August 6th, aged seventy-six years, CHARLES K. GOODWIN, Cashier of the FRANKLIN NATIONAL BANK of Baltimore.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

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PROSPECTS OF THE FALL TRADE.

"Croakers," it has been said, "are not safe guides to follow." This adage has an illustration in the present and prospective recovery from the panic. The discouraging views which have been spread abroad have been so far contradicted by the event. The prompt settlement of the New Orleans trouble has given an impulse to the public credit abroad and to the financial activity at home. It tends with other conspicuous facts to help the solution of several questions that for some time past have been uppermost in the minds of our merchants and bankers throughout the country. One of these regards the prospects of the money market and of general business during the fall. In some quarters an uneasy presentiment has arisen, that there would be trouble in the South. Abroad, such sinister apprehensions have been more active than here, and they have been stimulated by the fact that so much capital is coming this way to seek in the United States opportunities of investment more inviting than it can find at home. To check this movement, and also to stop emigrants from bettering their condition by bringing skilled labor to the higher rewards offered to it in the American market, not a few foreign newspapers have long been eager to pounce upon any facts that might seem to lend plausibility to their gloomy representations. To such efforts, the New Orleans outbreak offered welcome aid. Had it occurred a year ago, when

Wall Street was suffering in the throes of a financial panic, it is as impossible to conjecture what use these prophets of evil might not have made of it, as to estimate the power for mischief which such an event would have acquired at so critical a juncture. Happily for us, its announcement a fortnight ago found the monetary organism tranquil and devoid of irritability. The news of the riot, though it took us by surprise, was able to produce scarcely a twinge in the movements of financial affairs. Even gold, the most sensitive spot of the whole system, was sluggishly responsive to the announcement, and the fractional advance which followed the news almost immediately disappeared. We have here a new proof of the immense recuperative force which pervades our institutions. At any point where trouble, whether financial or political, arises, it seems as though, by a law as unerring and prompt as the law of chemical affinity or of gravitation, our national life puts forth new conservative forces at the time and place where they are needed, and these forces are always strong enough to win the final victory. Like all young organisms, the American nation grows rapidly, and is able, by its swift processes of conservative development, to resist destructive forces which would be perilous to older and less elastic national organizations. Something like this was referred to by Jefferson when, as reported by Miss Martineau, he said the United States were set among the nations both to do and to bear many things which were deemed impossible in other countries. To the question whether there is a fair promise of a good fall trade, we unhesitatingly reply in the affirmative. The buoyant expectations indulged in some quarters will doubtless be frustrated. Speculators who have been waiting with their projects in anxious hope that some power would move the stagnant waters and give new life to the palsied bantlings crippled in the panic of last year, must expect further disappointments; but legitimate business, mercantile enterprise, sound industrial ventures, may confidently hope to have ample supplies of loanable capital accessible in the money market, and this, as we all know, is the prime condition for a healthy activity of business.

For some years past, the money market has been increasingly tight in the fall. This tendency to autumn stringency was not so much observed during the first few years of the paper-money era. In 1867 it attracted great criticism, which pointed its darts against Mr. McCulloch, who was at that time contracting the volume of the greenback circulation according to law. The monetary stringency was chiefly due, however, to other causes, of which we have space to notice but one, namely, the lending of bank deposits to railroad and other enterprises, which borrowed the money on call, and sunk it where it lost its mobility and became fixed capital not available for immediate return to the lenders. This bad habit on the part of our banks had begun before the period we have mentioned, but afterwards it grew rapidly, tempting many firms to take risks which otherwise they would never have ventured, and finally culminating in the

great catastrophe of the Jay Cooke panic of 1873. That disaster differed from every previous financial crisis that we have ever had in this country, in several notable characteristics. The chief difference, however, was that in every previous panic the inflation has been in mercantile credits; while last year mercantile credits were unusually sound and out of danger from the explosion. Hence it is that mercantile credits and legitimate business have not suffered from the panic of 1873 as in previous similar crises. This constitutes a valid reason for expecting industrial activity to be healthfully resumed so soon after a severe financial revulsion, and the argument is confirmed by the fact that the panic has stopped this bad habit into which the banks had previously fallen of lending to railroads the funds which they ought to have used and will now use in mercantile discounts.

The money market being thus very likely to continue easy during the autumn, we have one important guarantee of an active and prosperous season. Another argument might be drawn from the probable activity of the export of breadstuffs. The New York *Tribune*, in an admirable article on this subject, shows that our Western farmers are holding back their wheat, and argues very conclusively that they will do well to send it forward freely to take advantage of the two months still left of the season of lake and canal navigation, and also of the low ocean, lake and canal freights now ruling, and which cannot be expected to continue through the winter.

Our contemporary explains that Great Britain, France, Germany, Turkey, Russia, California, and the North-Western States, all have crops of wheat larger than the average, and that, with the exception of Great Britain, all these countries have wheat to export, so that they will be our competitors for the trade. This view is sustained in the London *Times* by Mr. H. Kains-Jackson, who states that 4,200 million pounds of wheat and wheat flour will be an extreme estimate for the quantity required from foreign countries by Great Britain during the next twelve months, and also that $ 110,000,000 is a fair estimate for the price to be paid for it, including freight and shipper's profit. Mr. Kains-Jackson's estimate of the official average price of British wheat is 50s. per quarter, to which price it has fallen since his prediction was published.

The *Tribune* argues that if we do not send our crops forward promptly we shall seriously diminish the foreign demand. Statistics show that the United States, in 1862, 1873, and 1874, sent to Great Britain direct, and through Canada, over 26,000,000 cwts. of wheat and wheat flour each year. To export as much this year we must undersell the French, Germans, Russians, and Turks; but if our wheat is held back, and the Russians and Germans are allowed to take possession of the British markets, we may not export more than 15,000,000 cwts., which would leave us with an enormous stock to depress prices next year. These arguments are supported by the following official statistics, showing

how much wheat and wheat flour Great Britain imported from th United States during the past thirteen years, compared with th amount she imported from other countries:

BREADSTUFF EXPORTS FROM THE UNITED STATES AND OTHER COUNTRIES TO GREAT BRITAIN, 1861 TO 1873.

Year.	*U. S. and Canada.* Cwts.	*Russia.* Cwts.	*Germany.* Cwts.	*France.* Cwts.
1861	18,998,421	4,540,483	6,658,462	1,359,882
1862	26,883,785	5,755,789	7,930,849	1,961,835
1863	15,067,366	4,538,934	5,728,626	1,857,403
1864	11,909,328	5,129,410	6,842,721	2,854,424
1865	2,027,035	8,093,989	7,224,371	6,058,902
1866	1,045,830	9,181,432	6,801,657	8,023,530
1867	5,926,739	14,166,794	7,873,216	2,140,832
1868	7,551,894	10,055,338	7,224,597	846,863
1869	18,716,768	9,187,236	7,546,688	2,153,350
1870	18,459,926	10,326,844	4,487,773	1,060,120
1871	19,408,107	15,689,943	4,258,823	182,262
1872	11,791,519	17,938,977	5,183,601	4,253,781
1873	26,041,838	9,630,000	3,012,911	3,257,217

These figures show that Russia has been, of late years, ou chief rival in supplying Great Britain with breadstuffs. As Russi and our other competitors in breadstuff production have goo crops, it is of critical importance that we should set our cro in motion and take advantage of our earlier harvest and of ou incomparable facilities for moving grain swiftly and in prodigio quantities. If our farmers wait in the vain hope of higher pric they will lose the advantages of their position, and the farmers Russia, Germany, France, and the Mediterranean seaboard wi have time to forestall us in Liverpool, Bristol, or London. It of the very highest moment to our swift recuperation and to ou financial stability that we should be able to export this year heavy an amount as possible both of breadstuffs and of oth products to Europe. How much of the elasticity and recuperati strength shown last year during the panic was caused by th strength imparted to our foreign exchanges by the twenty-six mi lion cwts. of breadstuffs which we exported to Great Britain, is question which has not been sufficiently considered. Great Britai it is computed, will have to pay over a hundred millions of do lars for her imported breadstuffs this year. The expectation th we shall be able to secure a large part of this trade forms one the arguments in favor of a prosperous fall business this yea The activity which so great a movement of produce would cau throughout the country would add considerably to the other sourc and stimuli of our interior traffic. We trust that neither o railroad companies nor our farmers will raise obstacles to its d velopment by too much anxiety to obtain impossible rates. Finall we may mention among the indications of an active business the immediate future, the influx of foreign capital, which is pr ceeding with rapidity unknown for some years past. It is maxim of economic science that any country grows most in indu trial development in proportion as it has an abundance of floati

capital. It is one of the inconveniences of new countries that in them floating capital is always in scanty supply. Hence, the rate of interest in new countries rules higher than in old countries, and the latter lend their superfluous capital to the former. In accordance with this law, England, Holland, France, and Germany have all been lenders of capital to the United States. At present England and Holland appear to be taking the lead in this respect, while the capital of Germany and France is less disposed than formerly to emigrate, and seems, from causes that would repay investigation, to prefer to attach itself to home investments.

Dr. Edward Young, Chief of the Bureau of Statistics, has computed the amount of foreign capital which has emigrated to this country during the last twelve years at 1,200 millions of dollars. Other statisticians make it considerably more. Dr. Young's estimate is based upon the excess of imports over exports. His figures are as follows:

TOTAL IMPORTS OF THE UNITED STATES, 1863 TO 1874.

Years ended June 30.	*Merchandise.*	*Specie and Bullion.*	*Total.*
1863	$243,335,815	$9,584,105	$252,919,920
1864	316,447,283	13,115,612	329,562,895
1865	238,745,580	9,810,072	248,555,652
1866	434,812,066	10,700,092	445,512,158
1867	395,763,100	22,070,475	417,833,575
1868	357,436,440	14,188,368	371,624,808
1869	417,506,379	19,807,876	437,314,253
1870	438,958,408	26,419,179	465,377,587
1871	520,223,684	21,270,024	541,493,708
1872	726,595,077	13,743,689	640,338,766
1873	642,126,210	21,480,937	663,617,147
1874*	263,431,790	21,828,698	285,260,488
	$4,895,391,832	$204,019,127	$5,099,410,959

From these aggregates of our foreign commerce since 1863, the imports will be seen to have augmented from 253 millions in 1863 to 663 millions in 1873. These are all specie values, as are also the exports, which have increased from 268 million dollars in 1863 to 607 millions in 1873. The yearly accounts are as follows:

EXPORTS OF THE UNITED STATES, 1863 TO 1874.

	Merchandise.	*Specie and Bullion.*	*Total.*
1863	$203,964,447	$64,156,611	$268,121,058
1864	158,837,988	105,396,541	264,234,529
1865	166,029,303	67,643,226	233,672,529
1866	348,859,522	86,044,071	434,903,593
1867	292,361,225	60,868,372	353,229,597
1868	281,952,899	93,784,105	375,737,004
1869	286,117,697	57,138,380	343,256,077
1870	392,771,768	58,155,666	450,927,434
1871	442,820,178	98,441,988	541,262,166
1872	444,177,586	79,877,534	524,055,120
1873	522,479,922	84,608,574	607,088,496
1874*	276,828,879	29,850,126	306,679,005
Total..	$3,817,201,414	$885,965,194	$4,703,166,608

* Six months ending January 1, 1874. The figures for the rest of the fiscal year will be found on another page.

The apparent balance against us on the foregoing tabular statements of exports and imports amounts to $ 358,589,654. With $ 211,882,456 for freights to foreign shipowners, and 290 millions for interest, with $ 146,861,754 for smuggled goods, Dr. Young gets the sum of 1,007 millions as the balance of indebtedness growing out of the international trade above recorded. Adding 50 millions to cover similar debt incurred before the war and making some further adjustments, 1,200 millions is stated as the present aggregate of debt held against us in Europe. Other authorities run the amount up to 2,000 millions, and it is obvious that Dr. Young's estimate undervalues or omits several important items. Still these figures are extremely suggestive on the point of view in which we are now regarding them. They illustrate the rapidity with which for several years past the tide of foreign capital has been flowing this way from the Old World.

Some persons have found fault with this foreign debt. The remitting of the annual interest upon it they deplore as a payment of tribute to foreigners. To escape such payment their remedy is that we should pay off the principal. These men, it is to be feared, will not live long enough to see their panacea tried. Some of them have evidently fallen into the habit, which is too common in our time, of using words without duly weighing their meaning. No sensible man thinks it a degradation to him to pay rent for a house or a farm or a store, or to pay interest upon a loan from his bank. The use of another man's capital is an advantage which he is glad to pay for at the market price. Now if one man can pay interest to another, why may not one nation pay interest to another, without, in either case, any idea of tribute or degradation entering in the bargain. Probably, at this moment we owe in one shape or another to foreign capitalists nearly 1,500 millions of dollars. Of this immense sum we have the use at a stipulated rate. Its amount is so heavy that we cannot pay it if we would; its practical value is so great that we should not repay it if we could. If it be asked what use we have made of this foreign capital and in what shape we have invested it, an easy answer is suggested. We need not look further than to our railroad system. The subjoined table shows that since 1860 we have invested in railroads more than 2,000 millions of capital, much of which has come directly from foreign capitalists:

CAPITAL INVESTED IN RAILROADS, 1860–1873.

	1873. Miles.	1872. Miles.	1871. Miles.	1869. Miles.	1867. Miles.	1865. Miles.	1860. Miles.
R.R. in New England States	5,314	5,107	4,984	4,300	3,938	3,834	3,66[illegible]
Middle States	14,019	13,242	12,322	10,752	9,555	8,539	6,70[illegible]
Western States	33,772	32,144	29,319	19,765	15,226	12,847	11,06[illegible]
Southern States	15,353	14,468	13,751	11,277	10,126	9,632	9,18[illegible]
Pacific States	2,193	2.412	2.198	1,164	432	233	2[illegible]
Total miles in U. S.	70,651	67,374	62,565	47,253	39,276	35,085	30,635
Estimated cost in mills. of dols.	3,784	3,503	3,253	2,457	2,042	1,827	1,491

Many different estimates have been published as to the amount of foreign capital which has contributed since 1860 to the exten-

sion of our railroad system. These estimates are too conjectural and conflicting to merit notice in this place. We content ourselves with simply pointing to the railroad network as one of the numerous investments into which foreign capital has so copiously poured itself. Hereafter, when there is more organization among the foreign currents of investment, we may be able from the collection of interest and from other data to obtain some trustworthy aggregate of the foreign capital which is distributed in railroad securities, United States bonds, municipal securities, and other descriptions of investment. At present, all we can learn is summed up by our bankers, who know most about it, in the brief statement that it is over 1,000 millions, and is increasing faster than usual. If this last statement be true, and it is confirmed on all sides, then we repeat our inference that these foreign funds if they come here at all must come in the shape of floating capital. This capital cannot fail to give a new impulse to the wheels of industry. It offers an additional reason to expect a lively activity in the fall trade.

THE NATIONAL DEBT AND THE PUBLIC CREDIT.

Mr. Bristow has reason to be satisfied with the arrangements made at the beginning of this fiscal year for the negotiation of his new Fives. We hear from London that the prospects there are improved by our quiet suppression of the New Orleans difficulty, and, that a third call for five-twenties will shortly be made to the amount of fifteen millions. The Secretary is preparing his annual Report for Congress, and he has published the aggregates of the receipts and expenditures of the Treasury for the fiscal year ending 30th June, 1874. To these statistics we append a comparison of previous official statements, in order to present, in a succinct form, the history of the Treasury during the fiscal year. The subjoined table shows the estimates of Mr. Secretary Richardson, in his last annual report, and it gives side by side with these the actual revenue and outlay as now announced by Mr. Secretary Bristow. Moreover, to show the irregularities caused by the panic, we give also the separate figures of the first two quarters of the fiscal year. The table is as follows:

Treasury Receipts and Expenditures, Fiscal Year 1873–4.

Net Receipts.

	Estimates for year ending June 30, '74.	*Actual, first quarter ending Sept.* 30, 1873	*Actual, second quarter ending Dec.* 31, 1873.	*Actual, for year ending June* 30, 1874.
Customs	$ 160,195,403	$ 49,195,403	$ 31,398,419	$ 163,103,834
Internal revenue...	94,840,454	25,640,454	22,508,065	109,439,823
Public lands........	2,073,768	573,768	501,538	1,852,429
Miscellaneous	11,843,867	6,443,867	213,545	14,053,779
Total	$ 268,953,492	$ 81,853,492	$ 56,521,597	$ 288,449,855

Net Expenditures.

	Estimates for year.	*Actual, first quarter ending Sept. 30, 1873.*	*Actual, second quarter ending Dec. 31, 1873.*	*Actual, for year ending June 30, 1874.*
Civil & miscell'eous	$67,722,294	$18,674,240	$20,044,238	$69,655,525
War department	47,795,053	13,795,053	11,349,378	42,313,927
Navy	27,792,454	9,792,454	8,343,211	30,932,587
Indians	9,408,715	2,908,715	2,362,830	6,692,462
Pensions	30,478,156	8,698,156	6,842,316	29,038,414
Interest	107,051,907	37,051,907	13,881,403	106,090,920
Total	$290,248,000	$90,020,525	$62,823,377	$284,723,635

These figures compare as follows with the receipts and expenditures of previous years:

Treasury Receipts and Expenditures for the Fiscal Years 1869–1874.

Net Receipts.

Customs	$ 163,103.834	$ 188,089,522	$ 216,370,286	$ 206,270,208	$ 194,538,374	$ 180.048,426
Internal rev.	109,439.823	120,559 351	137,165,574	143.098,153	184,898,756	158,356,460
Public lands	1,852.429	2,882,312	2,575,714	2 388,646	3,350,481	4,020,344
Miscellaneous	14.053 779	10,141,282	7,842,794	22,093,541	12,942,118	13 997.338
Total	$ 288,449,855	$ 321,663.467	$ 363,954,368	$ 373.850.548	$ 395.731,029	$ 356,422,568

Net Expenditures.

	1874.	1873.	1872	1871.	1870.	1869.
Civil & misc.	$ 69,655.525	$ 73.328.110	$ 60,984,757	$ 60,481,991	$ 53,237.461	$ 56,474,061
War dept.	42.313,927	46.323,138	35,372.157	35,799,991	57,655.675	78,501.990
Navy	30,932,587	23,526.256	21.249 800	19,431.027	21,780,229	20,000,753
Indians	6 692,462	7,951,705	7.061,729	7,426,997	3,407.938	7,042,923
Pensions	29,038 414	29,359,427	28.533 402	34.443,894	28,340,202	28,476,621
Interest	106,090.920	104.236,482	116.607,979	125.576.565	129 235.498	130,694,242
Total	$ 284,723.635	$ 285,718,118	$ 269.809,834	$ 283,160,405	$ 293,657,003	$ 321,190,595

The aggregates given in the first of these tables have special interest just now for several reasons: First, this fiscal year opened with the expectation of a deficit, and the public naturally wish to know the exact results of the year. Secondly, the Treasury, in time of peace, has had to resort to an expedient of war finance. Paper money, for the first time since the adoption of the Federal Constitution, has been issued for other than war purposes. Twenty-six millions of greenbacks have been added to the outstanding circulation during the year. Thirdly, the ordinary revenues have been disturbed by the severest panic from which the country has suffered since 1857 and 1861.

The falling off in the customs, caused by the crisis of last year, was about ten millions, and the falling off in the internal revenue was six millions. Besides this, the Navy expenditure was increased about four millions by the Cuban difficulty. Hence, the difference against the Treasury was about twenty million dollars during the first half of the fiscal year.

In view of these facts, it is gratifying to find that the aggregate receipts of the Treasury for the year were twenty millions more than the estimates. Of this excess the internal revenue

yielded sixteen millions, and the customs three millions. On the other side, the expenses of the Government were economized; the war department saved five millions, and the Indian Bureau three millions. But for the Cuban trouble with its four millions of extra expenditure, we should have spent ten millions less than the estimates for the year. As it is, we have spent nearly six millions less. Turning now to the public debt, we find that the gold-bearing bonds on the 30th June, 1873, were 1,695 millions. A year later, on the 30th June, 1874, the aggregate was 1,724 millions. Hence, it appears that 27 millions had been added to the funded debt during the year. To counterpoise this increase on the principal a saving was effected in the rate of interest. Sixty millions of Sixes were converted into Fives; the latter having risen from 414 millions in June, 1873, to 510 millions in June, 1874, while the Sixes during the same period were reduced from 1,281 millions to 1,213 millions. These changes are illustrated in the following table:

CHANGES IN THE NATIONAL DEBT, JUNE 30, 1863, TO AUGUST 31, 1874.

FUNDED.	*June* 30, 1873.	*June* 30, 1874.	*July* 31, 1874.	*Aug.* 31, 1874.
Fives	$414,567,300	$510,628,050	$511,025,200	$511,025,200
Sixes	1,281,238,650	1,213,624,700	1,213,228,050	1,213,228,050
Total	1,695,805,950	1,724,262,750	1,724,253,250	1,724,253,250
Unfunded	452,012,763	419,835,491	417,552,127	415,925,364
Total debt.	$2,147,818,713	$2,143,088,241	$2,141,805,377	$2,140,178,614

This table carries forward the comparison to the first of September. It also contains the aggregates of the unfunded debt, the details of which compare as follows:

CHANGES IN THE UNFUNDED DEBT, 30TH JUNE, 1873, TO 31ST AUGUST, 1874.

	June 30, 1873.	*June* 30, 1874.	*July* 31, 1874.	*Aug.* 31, 1874.
Greenbacks	$356,079,967	$382,076,732	$382,076,707	$382,076,697
Fractional currency	44,799,365	45,881,295	45,719,792	45,797,675
Four per cents	678,000	678,000	678,000	678,000
Past due debt	51,929,710	3,216,590	2,740,830	2,578,440
Accrued interest	42,356,652	38,939,087	26,894,238	29,356,511
Navy pension fund	14,000,000	14,000,000	14,000,000	14,000,000
Gold notes	39,460,000	22,825,100	33,469,000	29,141,250
Total	549,303,694	506,940,072	505,578,569	503,628,524
Less gold balances	87,507,402	74,205,304	71,113,210	71,083,928
Total	461,796,292	432,734,768	434,465,359	432,543,596
Less currency balances	9,783,529	14,576,010	16,913,232	16,619,232
Net unfunded debt	$452,012,763	$419.835,491	$417,552,129	$415,925,364

Several changes are noteworthy in this part of the public debt. First, the greenbacks were raised to 382 millions from 356 millions, the amount to which they were reduced by Mr. McCulloch in December, 1867. After remaining at this ag-

gregate for nearly six years, the greenbacks were increased to supply the Treasury with funds after the financial crisis of September, 1873. It has been affirmed by some persons that this increase of greenbacks was made during the height of the panic. This is not so, as will be seen from the subjoined table showing the state of the unfunded debt at the close of the panic and for some months afterward:

Greenback Expansion, September, 1873, to February, 1874.

	Sept. 30, 1873.	*Dec.* 31, 1873.	*Jan.* 31, 1874.	*Feb.* 28, 1874.	*Mch.* 31, 1874
Greenbacks	$356,079,742	$378,481,339	$381,794,029	$382,078.592	$382,076,837
Fractional currency	46,229,392	48,514,792	47,793,333	48,640,494	49,102,660
Four per cents	678,000	678,000	678,000	678,000	678,000
Past due debt	15,756,130	11,070 880	15,176,550	9,813,390	6,852 800
Accrued interest	32,083,523	42,547,025	30,415,576	28,055,065	29,676,601
Navy pension fund	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Gold notes	33,935 400	37,543,300	45,004,000	40,569,800	37,045 000
Total	498,732,187	532,835,336	534 861,488	523,835,341	519,431,898
Less gold balances	80,246,757	91,479,109	85,359,369	85,588,222	86,121,329
Total	418,515,430	441,356,227	449,502,119	438,247,119	433 310 519
Less currency balances	3,289,032	4,277,859	4,781,205	3,727,754	4,526,451
Net unfunded debt	$415,226,398	$437,078,376	$444,720,914	$434,519 363	$428,784,068

These statistics show that at the close of September, when the panic was over, no new issues of greenbacks had taken place. In October five millions were issued, in November six millions, and in December eleven millions; in January three millions, and in February one million, when the issue ceased. Thus it appears that the whole twenty-six millions of greenback issues were distributed over five months, after which the Treasury revenues began to augment so that no further issues were needful.

It would be a serious contingency for the national credit if this issue of greenbacks should ever be regarded as a precedent in future emergencies of the Treasury. We must not dismiss the figures before us without a word or two about the gold balance of the Treasury, which compares as follows for the periods under review:

Gold Owned by the Treasury—June, 1873, to August, 1874.

	June 30, 1873.	*June* 30, 1874.	*July* 31, 1874.	*Aug.* 31, 1874.
Gold in Treasury	$87,507,402	$74,205,304	$71,113,210	$71,083,928
Less gold notes	39,460,000	22,825,100	33,469,000	29,141,250
Net balance owned by the Treasury	$48,047,402	$51,380,204	$37,644,210	$41,942,678

On these figures the point has been raised whether the Treasury ought not to keep a larger reserve of gold. This question has been much disputed. We have not space to discuss the conflicting arguments. In an early issue we shall probably have to recur to this aspect of the national credit and of the best expedients for sustaining it.

THE RISE OF WAGES IN GERMANY.

It is one of the established maxims of political economy that wages are slow to rise when any great inflation of values occurs—such as happened during our civil war. Still, in other countries, as in the United States, there are certain general laws which control these changes; and however slow the advance, it is sure. Hence, economists have been on the alert to predict the perturbations in the wages of labor which the recent great inflation of other values in Germany ought to develop. Some figures have been recently published as to the effects produced so far by the existing inflation on the course of wages in Germany.

The building trade, which employs a large number of artisans, is taken as indicating with much exactness the state of other industries so far as regards wages generally paid. Starting from 1848, a mason or carpenter received 22½ sgr. (55 cents), and occasionally as much as 27½ sgr. (68 cents), or 1 thaler (80 cents) for a day's work of 11 hours; after the first strike, which took place in the summer of 1869, in consequence of a new trade regulation act, the rate of wages rose to 1 thaler (80 cents) as the basis. Since May, 1872, employers have had to give 1⅓ to 1½ thalers ($1·05 to $1·20); a considerable number of men receiving even higher wages. Although in the spring of 1873 the activity among builders was reduced in consequence of the enormous cost of materials and the unwillingness to contract in advance at distinct prices and specified times for the completion of buildings, and the moment was therefore not highly favorable for the workmen employed to agitate for higher remuneration, yet wages further advanced, mainly because the masters wished to stimulate by every means the activity of their men. In July, 1873, master masons, on the average, obtained 1 th. 27·9 pf. ($1·47); carpenters, 1 th. 27·1 pf. ($1·46); journeyman masons, 1 th. 15·7 pf. ($1·18); journeyman carpenters, 1 th. 16·2 pf. ($1·20).

As to the apprentices, a number of them now earn as much as journeymen earned five years ago. The masters who belong to the society founded in 1872, and who employ three-fourths of the masons and carpenters in Berlin, have endeavored to counteract the efforts of the workmen's unions to introduce the system of the normal working-day, by paying by the job. For this normal working-day means nothing less than that each workman, good or bad, lazy or industrious, quick or slow, should receive for his work just as much as his fellow laborers. To what extent such efforts raise the cost of house-building, and, consequently, rents, the following figures indicate: According to the results of 50 new buildings out of each year from 1862 to 1873, it was found that in 1868 each journeyman laid 618 stones, but in 1873

only 304; and at the same time wages had risen 100 per cent. It is reasoned from this that increased masons' wages caused a fourfold rise in prices within the latter period. It has only been possible for the building trade to bear the gradual doubling of wage-expenses because there was no outside competition. Bounds are, however, set at the point where new building stops or is lessened in consequence of the diminished supply of labor and the high wages of mechanics. According to the report before us, this result has, in fact, been developed more or less in 1873.

These statistics throw light on one or two questions which have been mooted for some years past, as to the various conditions which regulate the rise and fall of wages. Take for example the costly fallacy that wages cannot rise without trades-unions. A hundred years ago, Adam Smith said that the masters might be regarded as bound together by a combination whose object it was to keep down the rate of wages. From a misapplication of Adam Smith's somewhat vague dictum, the trades-union leaders have adroitly argued that if the employers are in a permanent conspiracy to keep wages down, the men are bound to protect themselves, and should try to put wages up by a similar hostile confederation. Thus, in Pennsylvania, during the disastrous strikes of recent years, the union-leaders have frequently steadied the wavering ranks of their defeated supporters by reminding them of the old rates of wages that prevailed a score of years ago, when there was "no union to protect the men against the grasping avarice of the masters."

Everywhere the same cunning tactics have been used by the demagogues who aspire to be chiefs of trades-union movements. In Germany, there are and have been agitators of this stamp, but it does not appear that the rise in wages has been due to anything these unions have done to develop it. At least, all that they can justly claim to have accomplished in Germany or in this country, is simply to hasten in point of time a movement which on other accounts was inevitable, and would have taken place just as certainly without the trades-unions as with them. This view is confirmed by Mr. Brassey in his admirable book on *Work and Wages*. He cites the case of the famous engine-building factory at Creuzot, where ten thousand persons are employed, and the annual wages amount to two millions of dollars. Mechanics were paid, when the establishment was first created, at the rate of 2½ francs a day. Between 1850 and 1866, the mean rate advanced from 50 cents to 75 cents per head, or thirty-eight per cent., and some men earned from $1.60 to $2.00 per day. Compare what has occurred elsewhere with what has taken place at M. M. Schneider's at Creuzot. At M. M. Schneider's, without the assistance of a trades-union, the working people have obtained during the last seventeen years, an augmentation of wages of thirty-eight per cent. In England, during the corresponding period, the most powerful of all the trade societies, with an ac-

cumulated fund of £149,000, has found it impossible to secure any increase in the earnings of its members.

Professor Cairnes, in his work* on political economy, sums up a singularly able argument on this side of the question as follows: "The utmost power which I am disposed to concede to trades-unions over wages, where they seek their ends by compelling a positive increase, is that of accelerating an advance, already, so to speak, in the air, and which would come in the end without their intervention. Where strikes have been permanently successful, where they have not merely gained to-day what will be lost to-morrow, but have issued in a permanently improved condition of the workmen, I believe the explanation of their success will always be found in a state of trade exceptionally prosperous which would in any case before long have attracted an increase of capital, and resulted in an enlarged demand for labor."

In the economics of Germany, several great forces are at work to disturb the standard of wages. First, we note the perturbation due to the war, which withdrew a million of men from productive labor, and threw the organized mechanism of the country into a temporary confusion from which it has been slow to recover. Next, there is the disturbance due to the breaking up of the old guilds mentioned on page 265 of this issue. Again, they have the inflation which is due to the large influx of capital exacted from France as indemnity. Finally, there is the impulse which war never fails to impart to the industrial energies of nations in modern times. Such are some of the causes which have stimulated the demand for labor, and have thus enhanced the rate of wages.

This advance, however, is distributed with much inequality in various parts of Germany. It is to be regretted that so few accurate and trustworthy statements have been published in regard to this part of the labor question.

The second of the causes just enumerated has been expounded by Herr Dannenberg, in an able work† which well deserves to be translated and republished in this country. It is the only German treatise we are acquainted with that discusses with intelligence and moderation certain important aspects of the labor question from the workman's point of view.

Its author took a prominent part in the first Assembly for the discussion of the social question, at Eisenach, in October, 1872. He traces the spread of communistic opinions among the mechanics of Germany to their true cause. This, he says, is not trades-unionism, which is rather adverse to these opinions than otherwise. Communistic and socialistic doctrines chiefly owe their recent active progress to the destruction of the guilds, and to the consequent dislocation of the old industrial economy. The an-

* Some Leading Principles of Political Economy, Newly Expounded by J. E. CAIRNES, Emeritus Professor of Political Economy, in University College, London. New York: Harper & Bros., 1874.

† Das Deutsche Handwerk und die sociale Frage. Von J. F. DANNENBERG. Leipzig, 1872.

cient organization of labor has been swept away, and has not been replaced by a new one. Man—working man especially—seeks something to lean upon. If he no longer finds it in the old-established basis of customary relations with workmen, he will be fain to catch at it in whatever new shape, and from whatever new quarter it is offered. This, according to Herr Dannenberg, is a fruitful source of the ready receptiveness in Germany of communistic opinions. "When," says he, "the old guild of masters, journeymen, and apprentices ceased to exist," its place was in part left vacant, and in part supplied by the new trades-unions.

For these trades-unions are in reality nothing more than the middle section of the old guilds, surviving while the upper and lower sections have been lopped off. The trades-union being thus a separate journeyman's guild, pursues its exclusive class interest, and arrays the journeymen against the masters on the one side, and against the apprentices on the other. The natural result of such hostility has followed. The masters as soon as they began to suffer the disadvantages of isolation, set to work and organized *their* union to confront the union of the journeymen. And thus, instead of one guild, they built up two guilds, each of which has for its main object to maintain its force on a war-footing against the other. Those who fare worst between the belligerents are the third class, the apprentices, who completed the old organization, and for whose interest (that of training in the craft by which they are to live) nobody now cares at all. The next step in the downward progress of this retrograde development is suggested by our author to be the inevitable sacrifice of skill and training on the part of the rising generation of handicraft workmen. He sums up the argument as follows:

"The preference which has hitherto been awarded to the German artizan in other countries, has been mainly founded on the more thorough training which the apprentice-worker has hitherto received in Germany. No one will pretend that the German has innate aptitudes for technical excellence superior to those possessed by the French or English workman; and if the German in Paris excelled the Frenchman in tailoring, shoemaking, musical, mathematical, and surgical-instrument making, &c., his superiority was not caused by the Frenchman's inferior aptitude for those branches, but by the fact that so thorough an apprenticeship system did not exist in France or England. The relaxation therefore of that system in Germany, must not only make itself felt in the internal industrial economy of our own country, but must have the most serious consequences as regards estimation in which the German working-class has hitherto been held in other countries."

Whether there is any prospect that the apprentices will prevent these evil results by forming their own unions in imitation of the unions of their elders, is a question which Herr Dannenberg leaves with other problems for future discussion to solve.

POLITICAL ECONOMY; HOW AND WHERE TO STUDY IT.

BY DR. GEORGE MARSLAND.

Political economy, says Heinrich von Storch, is the science which treats of the forces that cause a nation to grow in wealth. Now there are three countries in which those forces exhibit extraordinary activity at this moment. In them, therefore, economic science is just now to be studied with unusual advantage. These countries are Germany, France, and the United States. In Germany several economic changes of first-rate magnitude are going on that have already started a rapid development of industrial life, the future course and value of which are variously estimated. Of these economic changes, one of the most important is the dissolution of the ancient guilds in 1869. By that event mechanical industry in Germany was set free from shackles of mediæval origin which had long lost their use. From a practical benefit and a personal safeguard to the German mechanic, these guilds had become a fetter and a burden. Accordingly German industry has made immense strides since its stalwart limbs shook themselves loose from these galling and mischievous restrictions.

The result, however, has not been unmixed good. One of its worst fruits is the fight between labor and capital. This struggle in Germany presents not a few eccentric and amusing features. A foreigner with difficulty understands them, and vainly attempts to appreciate their force. They arise, for the most part, from these old guilds, and from the inveterate customs and habits which, being established through many centuries, die out slowly. Like a moss-grown tower or a ruined keep, they serve as memorials of mediæval civilization in the midst of the modern fabrics which a new age is rearing and multiplying around them.

Another economic change in Germany is due to the establishment of the Empire, with its powerful mechanism for the unification of the 40 millions of people, whose industrial development was so long checked by their division into a multitude of States. Accustomed to the expansive freedom of industry which prevails in this country, we can hardly comprehend the rigid organization of Germany prior to 1869. Here a mechanic may go where he likes, and if he is a good workman with a small capital, he may get a living by opening a shop in any State in the Union. If one location does not suit him he requires no license, passport, or governmental permission to enable him to quit his place of labor and choose one that suits him better. In

Germany no such easy transfer was possible. Even now the military laws somewhat impede it, but the chief impediments were swept away by the suppression of the guilds, and their fragments are rapidly melting before the resistless forces of national solidarity which have fused and welded into one the German Empire.

These industrial changes have received a wonderful impulse from the new wealth which has been poured into Germany since the treaty with France of 10th May, 1871. By that treaty, as we recently explained in detail, Germany was to receive as indemnity for the expenses of the war 5 milliards of francs, or 1,000 millions of dollars in installments of $200,000,000, with interest at five per cent. till the annual dates of payment. On the 15th March, 1873, $700,000,000 had been paid, and a convention was made that the remaining $300,000,000 should be paid up by the 5th September, 1873, with interest and other payments amounting to about $88,000,000. This arrangement was carried out, and instead of the payments extending into 1875, as agreed by the original treaty of May, 1871, the whole transaction was closed 5th September, 1873. Thus the transfer to Germany of 1,110 millions of capital was completed in twenty-eight months instead of forty-six months, as was originally proposed.

What movements this prodigious influx of money into Germany is capable of setting in operation, human foresight cannot predict. History offers us no precedent by which to guide our conjectures. We are too near to the sources of these vast currents of financial and industrial energy to be able to estimate, with any precision, their future extent, their probable course, or the social and political reforms they may instigate in Europe. For this very reason, these economic activities may be studied to more advantage. Dr. Arnold says of Aristotle that he had such means as may never recur for the study of political philosophy and the art of government, because he had free access to the 150 separate States which were established on the shores of the Mediterranean, and in which he could explore the earliest as well as the latest stages of political growth. If we apply Dr. Arnold's principle in our present discussion, we may say that, for the study of economic growth, Germany offers at present a thousand advantages analogous to those claimed for Aristotle in a kindred science by his access to the ancient commonwealths of the Mediterranean sea-board. For in the German empire, comprising a multitude of governments and peoples of various development in agricultural, commercial and manufacturing industry, the new financial forces which we have briefly sketched have been recently set in violent activity; and, as Leonardo da Vinci somewhat quaintly says of another science, political economy "must be studied in facts as well as in books, and we must learn from Nature herself as well as from authors, who are only her clerks."

Passing from Germany let us look next to France as a theatre for the study of political economy, and as a field for the exploration of the facts of industrial growth. The first point

that solicits notice is the depletion of capital which France has so recently suffered. She has lost what Germany has gained. How the industry of France can fail to experience a deficiency of floating capital when all the channels of the money market have been drained to pay the indemnity and to liberate French soil from the German army, is but one question out of a multitude which are asked every day without response. The ease with which the payment was managed, and the slight disturbance it appeared able to make in the currents of business and finance have not wholly destroyed the suspicion that a reaction must come, and that sooner or later the French must suffer more than they have yet suffered.

Against this sinister prophecy it is urged that unless France weaken her public credit and exhaust her depleted resources by pretentious military expenditure, there is no such danger as is predicted. It is true that the late war has increased the debt of France and has burdened her Treasury with some 300 million francs of interest. But this burden can be borne if the war expenditure be kept down. The annual income of the French people the London *Times* estimates at 30 milliards. If each individual averages 500 francs of expenditure, a population of 38,000,000 gives an annual outlay of 19 milliards. The central Government consumes two and a-half milliards and the communes another half milliard, bringing up the total expenditure to 22 milliards a year. From these data the *Times* infers that the French people produce 8 milliards more a year than they consume. This being so, the savings of the French people in two years would amount to triple the sum lately paid to Germany. Moreover, the French were not obliged to supply the whole capital, but investors all over Europe were glad to lend them what they needed. Several milliards were offered more than was required, in full assurance of a safe and profitable investment.

Such are the wonderful phenomena already evolved in connection with the indemnity payments in France. These phenomena are as yet in their earliest incipient germs, which are rapidly unfolding, and their growth is anxiously watched.

Another set of economic influences originate in the suppression of the industrial guilds which took place in France in 1864, five years before their dissolution was effected in Germany. The liberation of industry from its old shackles was one of the great objects for which Frederic Bastiat labored with so much enthusiasm. His zeal in this reform led him to coöperate with many reformers with whom he had little in common. One of these was M. Proudhon, whose doctrines about capital Bastiat vehemently attacked, but whose influence over the workingmen Bastiat hoped at one time to be able to turn to the furtherance of other reforms, especially that of liberating the industry of France from its guilds, and from other restrictions which had both crippled its prosperity and stunted its growth.

The third country of which we spoke is the United States, whose economic growth during the last thirty years has commanded attention and stimulated inquiry wherever the problems of political economy are studied. There are, indeed, not a few persons at home and abroad who have contended that our prosperity was delusive; and that what seemed to be progress was really a chimera, and was preparing some grand catastrophe which would expose the hollowness and weakness of the foundations on which we had reared so vast and imposing a fabric of apparent wealth.

How do nations grow rich? This is the question at issue between those who take a hopeful view of our economic future and their opponents. One answer is that nations grow rich by means of newly-created wealth; individuals, by wealth already existing. This axiom, though paradoxical, is suggestive. It implies that the distribution of wealth among the masses of the people is often unequal, and does not keep pace with the creation of productive power. It suggests that a nation may be growing in wealth on the whole, while large masses of its private citizens suffer and are impoverished. In England, which is regarded as the richest country in the world, there are a million of paupers and it is complained that, while the nation is developing its wealth with an energy never known before, the principles of distribution are so defective in apportioning this new wealth among the British people, that while the rich are growing richer, the poor and the middle class are growing poorer; and that perverting the dictum of the inspired volume,—to him that hath, wealth is given, while from him that hath not is taken away even that which he seemeth to have. In the United States an opposite principle of distribution prevails.

It has long been a peculiarity in the economic progress of this country, that our operatives, skilled and unskilled, are better paid than those of any country in Europe. Thanks to our common schools they are also better educated, and their intelligence receives a broader culture through the training given by our free political institutions. Even the London *Quarterly* confesses—though it is the organ of the Conservatives, that the operative classes of the United States have escaped, by their intelligence, their experience and their sound instruction, many temptations and have been proof against many sophisms, which have done great harm among the operatives of continental Europe and even of Great Britain. We think the reviewer has not penetrated the whole secret. Still, as far as it goes, his exposition is undoubtedly sound. How our workmen, like those of Switzerland, have been elevated and disciplined by the right of voting, by the privilege of property, and by the other rights and privileges conferred by citizenship in a free government, it is beyond our present purpose to discuss. We merely refer to this class of influences because they constitute a part of the economic forces operating i

this country, and conducing to its growth in opulence and productive power.

Beside this more equal distribution of wealth among our citizens, and the stimulus it gives to individual effort, there are several other characteristics of our economic growth which are even more powerful in their general effects. For example: the boundless tracts of rich virgin soil, which we have overspread so rapidly, have been converted into an instrument of immense value for the multiplication of our national wealth. Gen. F. A. Walker, in the census report of 1870, presents a mass of information on this subject to which we need not refer in detail, as it is, no doubt, familiar to our readers.

In the infancy of economic science the cultivation of more land was said, by eminent writers, to be the only way by which the growth of National wealth could advance. M. Chevalier, in his introductory lecture last session at the College of France, eulogized Quesnay as being, rather than Adam Smith, the founder of modern economic science. But Quesnay held that the soil is the true creator of riches, the only source of wealth. On his principle, therefore, we should be led to infer that the United States and Russia and perhaps Brazil are the three Powers which have made the most active progress in wealth of late years, because, during the present century these three nations have improved more land than all the rest of Christendom. Continuing the parallel we should say, moreover, that of these three Powers the United States stands foremost. This last inference is no doubt correct, though some of the data are incorrect from which we have deduced it. Quesnay's principle has long been exploded and it is at best only partially true.

It was supplanted by that of Adam Smith, who taught that wealth is born of labor whether applied to the soil or not, and that the way for a nation to multiply its wealth is to multiply the exchangeable products of labor; that is, to increase internal and external trade which should be as free as possible. Benjamin Franklin, and after him Storch, Sismondi, Dugald Stewart, and other writers gradually developed the doctrine that as wealth consists not only of exchangeable products, but also of the labor-saving instruments which cheapen and multiply such products, therefore the machines and the productive forces of modern civilization must be elevated to a high rank among the chief promoters of the increase of the wealth of nations.

Applying these principles to the United States and to our material progress, we are led to the conclusion that this extraordinary growth is due to the activity of our trade and commerce, both internal and external. To stimulate our National wealth we have adopted Adam Smith's principle of multiplying exchangeable products. We have made our traffic as free within the limits of the United States as it is in any country in the world. Liberty of trade with foreign countries has, it is true,

been hampered by tariff restrictions, but our foreign exports have always been untrammeled; and our imports, though large, form a minor fraction of the aggregate transactions of the yearly business of our 40 millions of people. Thus, for the purposes of this argument, we may consider the trade exchanges of the United States as mostly free from Government restrictions. And as to the impediments offered by "space and time," *i. e.*, distance from a market, these are being surmounted by our railroads, canals and other highways of commerce on which we have spent, during the last ten years, a sum considerably greater than the whole National debt.

But this is only one step. We have gone further. We have adopted and tried to realize Benjamin Franklin's principle that wealth consists chiefly in productive power, and that to extend the latter is to augment the former. This axiom has led some writers to estimate that our steam-engines and labor-saving machines do as much work and add as much to the National wealth as is equivalent to the labor of the whole adult population of the globe. On this estimate, which we do not endorse as more than an approximation, or rather an illustration, of the truth, the United States have grown and are growing in opulence more rapidly than most other nations, because they have not only reclaimed more of the earth's surface to productive agriculture, but because this great source of wealth has been supplemented, and its efficiency multiplied a thousand fold by our railroads, telegraphs, steam-engines and labor-saving mechanism which have given us a productive power equivalent to the unrequited toil of an inconceivably large army of perpetual laborers.

In the forthcoming work on political economy, which is said to be contemplated by one of our ablest and best-known economists, William Cullen Bryant, we hope to see a masterly analysis of these and other great principles of sound economic science, as illustrated in the material growth of this country, especially since the Australian and Californian discoveries of gold. Such a work has long been desired, and no writer known to us possesses so many qualifications for the task as the veteran editor of the *Evening Post*. For forty years he has stood in the foremost rank amidst obloquy and detraction, not unmingled at times with personal danger, as the champion of sound finance and commercial freedom. Such a book as we have suggested would occupy as high a place in economic literature as is held by Mr. Bryant's works in so many other departments of authorship. As Virgil's hero says "*Quæque ipse vidi, et quorum pars magna fui*," so Mr Bryant stands as a leader in the economic and financial struggles which have done so much for the growth of the United States. We are of opinion that Mr. Bryant's financial editorials, if re-printed precisely as written, with a few words of comment like those inserted by Carlyle in his *Letters of Cromwell* would give a lively picture of some important aspects of our economic history during the last ten years, and would render

great service to the science of which he has been so consistent and effective an expounder. Hereafter we propose to give a sketch of what has been done in this country in economic literature. Most of the books published among us would be amenable to the strictures of Leonardo da Vinci. They are compilations rather than original essays. Still, American treatises on this subject compare favorably with those of the British writers. Although nearly a century has passed since Adam Smith first published his *Enquiry into the Nature and Causes of the Wealth of Nations*, still, in England political economy, looking back to him as its founder, has made less advance than might have been expected. F. R. Malthus, David Ricardo, John Stuart Mill, Mr. Cairnes, Mr. Fawcett, Mr. Cliffe-Leslie, Mr. Brassey, Mr. Harrison, Mr. Thornton, Mr. Bagehot, and other writers have developed some parts of the science, but its study has been less stimulated than in some other countries, and in its essential features political economy rests where Adam Smith left it. A few subordinate improvements have undoubtedly been added, but the great fabric, as a whole, presents much the same aspect to the eye of the critical observer.

In this country most of our economists, whatever their defects, are at least entitled to the praise of setting before themselves a clear, definite purpose, and steadily keeping it in view till they have accomplished it. It is true that these writers are frequently controversial. Some treatises are written on one side of the tariff controversy and others on the opposite side; some writers espouse the cause of currency inflation, and others, taking a sounder view, contend for a currency based on hard money.

The most popular of the recent treatises on political economy published in this country seems to be that of Professor Perry, of Williams College.*

The merits of this useful book may be inferred from the circumstance that, though first published less than ten years ago, the eleventh edition is now before us. Originally composed as a course of lectures in elementary economics, and designed as an introduction to the science for the use of students in colleges, it is written in an earnest, lucid style, and is not devoid of originality, though its aim and scope are of necessity rudimentary. One of the author's suggestions is to banish the word wealth from the economic vocabulary. "The word wealth," according to Professor Perry, "has been the bane of political economy; it is the fog whence most of the mists have arisen which have beclouded the whole subject. From its indefiniteness, it is unfit for any scientific use, it cannot be defined, nor can it serve any good purpose in the definition of anything else." In illustration, he cites the old dispute whether the term "wealth" includes anything more than material products, such as houses, lands, metals, tools, food; or whether the skill of artisans and the services of professional men are also to be reck-

* *Elements of Political Economy*, by ARTHUR LATHAM PERRY; Orrin Sage Professor of History and Political Economy in Williams College. Eleventh Edition. New York: Scribner, Armstrong & Co. 1874.

oned as wealth. He complains that while some writers exclud from the class of objects of wealth everything but material prod ucts; others, as John Stuart Mill, widen the signification so as t take in those immaterial services which result in an increase o material products; and a third and increasing body of economist include under it all things, whether material or immaterial, whic may be sold or hired, devised or bequeathed, or which may b disposed of in barter or exchange. Thus, the limits of the clas of subjects comprehended under the word wealth, have been shift ing and uncertain. They have never yet been settled. Hence Mr. Perry concludes that if political economy must wait until tha work be done as a preliminary, the science will never be satisfac torily constructed." He deems it impossible, on such an indefinit word as this at the foundation, to build up a complete science o Political Economy. "Moreover," he says, "the word wealth in cludes the two distinct ideas of value and utility—ideas whic must be kept perfectly distinct, or else there is no sound thinkin and no sound conclusions within this field. Men may think, an talk, and write, and dispute to weariness, but until they can com to use words with definiteness, and mean the same thing by th same word, they reach comparatively few results, and make bu little progress. And it is just at this point that we find the firs grand reason of the slow advance hitherto made by this scienc It undertook to use a word for scientific purposes which n amount of manipulation and explanation could make suitable f that service." He thinks there is no need to use this word. I emancipating itself from the word wealth as a technical term Political Economy would, he supposes, be rid of an incumbranc and its movements would become "relatively free."

Another feature of Mr. Perry's treatise, which has contributed t its popularity, is its free use of the labors of the French econo mists, and especially of M. Bastiat's, whose theories of exchang of value, and of land, have found in Mr. Perry one of their mos earnest and suggestive expounders. It has been said that th French mind, in several of its scientific aspects, has a positiv analogy with the American mind, and that both exhibit a clos affinity to the Greek mind. Those who hold this view would ac count for the popularity of Mr. Perry's book by saying that, mor than most modern economists, he has applied the analytic meth ods of the French and Greek philosophies to the explication o Political Economy. Without attempting to canvass this opinion we freely admit that the need of such analysis, of which so much i said, has not been over-valued by its most ardent admirers. Lik the Greeks and the French, our people are quick and keen i their perceptions, and they require teachers able to analyse an classify the phenomena of political economy according to concep tions and laws which admit of verification at every step. Mr Perry's best friends will be most ready to acknowledge that he ha failed sometimes in this respect.

Perhaps, however, the most defective of the minor features o

the book appears in its bibliography. Many names are mentioned and some are omitted, in Mr. Perry's list of economic authorities, to the surprise of the well-informed reader. Moreover, in the eleventh edition of a book compiled for the use of colleges, we should not expect to find such an inaccuracy as appears on page 51, where three writers are cited as French, the first of whom is a Russian, M. Storch; the second, a Swiss, M. Sismondi; while the third, alone, M. Say, was a native of France. We have no space, however, for extended criticisms of this sort. Mr. Perry's book is more useful, perhaps, in suggesting the best methods by which other minds may prosecute the study of political economy, than as a final, complete and symmetrical exposition of the best that the writer could do in that field. The true method of study in political economy is the same as in the other inductive sciences;—first, we want an accurate observation of facts; and secondly, these facts must be classified and referred to great general laws, which, when established, will assist in the interpretation of other facts and the discovery of more comprehensive and more general laws. It is thus we answer the question at the head of this article. Other things being equal, political economy may be best studied in those countries where the movements of industrial growth are most active, because those phenomena are, as it were, the alphabet of which the great book of economics is made up. Or rather they are the hieroglyphics, whose interpretation makes up the body of economic philosophy. A good rudimentary treatise being first mastered, the student should betake himself to the study of nature and of facts. As an astronomer verifies his deductions by observation and tests his principles by facts, so must the political economist. This has been the distinctive merit of all our chief economic writers. Their works will live longer in proportion as they have more of a basis of well-observed, well-classified facts to rest on. Of Adam Smith, the founder of the science, it has been well said that he was the great verifier of economic reasoning by economic facts. If his treatise on the *Wealth of Nations* had no other value, it would still be extremely useful to the economic student as a *répertoire* of important facts connected with the banking developments and the industrial history not only of the British Islands, but also of the whole sisterhood of nations throughout Continental Europe.

REPORTS OF THE LONDON JOINT-STOCK BANKS.

The London *Economist* has just published a summary of the half-yearly reports of the joint-stock banks of London. Their aggregate deposits are now £97,620,000, while their united capital amounts, with the surplus, to £12,290,000. One of the characteristics of these banks, and the chief cause of the high price of their shares and of their large returns to their stockholders, has been that they wield large deposits on a small capital. The subjoined table shows the amount of deposits and capital of each of these great banks with the capital and surplus combined:

CAPITAL AND DEPOSITS OF THE LONDON JOINT-STOCK BANKS.

[0,000 omitted; thus £84=£840,000.]

Banks, and when founded.	*Total Deposits.* 1874. *June* 30.	1873. *Dec.* 31.	1873. *June* 30.	1872. *Dec.* 31.	*Capital paid up and Surplus.* 1874. *June* 30.	1873. *Dec.* 31.	1873. *June* 30.	1872. *Dec.* 31.
	£	£	£	£	£	£	£	£
1 London & Wstm'r, 1834	31,24	29,15	28,38	28,66	3,00	3,00	3,00	3,00
2 Lon. Joint-Stock,* 1836	21,87	20,63	17,40	18,54	1,70	1,68	1,67	1,66
3 Union, 1839	13,92	14,67	13,37	15,18	1,84	1,84	1,78	1,62
4 City, 1855	3,21	3,38	3,05	3,18	77	76	75	62
	70,24	67,83	62,20	65,66	7,31	7,28	7,06	6,84
5 Imperial, 1862	1,98	2,12	2,24	2,16	75	75	74	63
6 Alliance, limited, 1862	1,72	2,08	1,82	1,78	96	95	94	91
	73,94	72,03	66,26	69,50	9,02	8,98	8,74	8,38
7 Consolidated, 1863	2,93	2,86	2,99	2,91	90	88	88	87
8 Central, limited, 1863.	71	73	67	65	11	11	11	10
9 Metropolitan, lim., 1866	27	26	22	23	18	18	18	18
10 Lon. & S.W., lim., 1862	84	80	73	72	17	17	17	17
	78,69	76,68	70,87	74,01	10,38	10,32	10,07	9,70
11 London & County, 1836	18,93	18,08	17,82	16,97	1,91	1,80	1,80	1,63
	97,62	94,76	88,69	90,98	12,29	12,12	11,82	11,33

An important item in the reports of these banks is their acceptances. In this part of their management they differ from our own banks. The Union Bank of London, with two others, do, as will be seen, much more of this kind of business than the other eight banks. We append a tabular exhibit of the acceptances, as follows:

* The London Joint-Stock Bank does not, like all the other banks, separate acceptances from deposits. Hence the £21.870,000 must be largely reduced in order to arrive at the real cash deposits. At December, 1873, the London Joint-Stock gave its acceptances as being as high as £4,517,000, leaving (say) £16,000,000 of cash deposits.

London Joint-Stock Banks—Acceptances.

Banks.	1874. 30 June.	1873. 31 Dec.	1873. 30 June.	1872. 31 Dec.	1872. 30 June.	1871. 31 Dec.
	£	£	£	£	£	£
Lon. & West.	973,000	1,081,000	1,165,000	1,272,000	941,000	1,015,000
Lon. Joint-St'k	no ret.	4,517,000	no ret.	no ret.	no ret.	no ret.
Union	5,290,000	5,464,000	4,657,000	5,866,000	4,807,000	4,363,000
City	3,944,000	3,288,000	3,104,000	3,101,000	3,017,000	2,327,000
Imperial	694,000	753,000	684,000	480,000	293,000	335,000
Alliance, limit'd	762,000	611,000	515,000	593,000	363,000	321,000
Consolidated	179,000	323,000	269,000	179,000	189,000	221,000
Central, limited	700	—	—	—	—	—
Metropol., lim.	26,000	23,000	16,000	40,000	49,000	118,000
L. & S. W., lim.	15,000	26,000	27,000	41,000	25,000	44,000
Lon. & County	3,187,000	4,070,000	3,114,000	4,243,000	2,453,000	2,778,000

Two most important items remain to be considered—the dividends and the cash reserves. It is somewhat remarkable that the reserves of cash and Government securities amount to less now than in December, 1872, although the deposits are nearly seven millions more than they were at that time. Seven millions sterling have been added to the deposits and no new reserves whatever have been provided to secure them. This will be seen from the following table:

Reserves and Dividends of the London Joint-Stock Banks.

Banks.	Cash and Government, &c., Securities. 1874. 30 June.	1873. 31 Dec.	1873. 30 June	1872. 31 Dec.	Dividends & Bonus. Per Ct. Per Ann. 1874. 30 June.	1873. 31 Dec.	1873. 30 June.	1872. 31 Dec.
	£	£	£	£	£	£	£	£
London and Westminster	7,445,000	7.800,000	7,570,000	7,590,000	20	24	20	20
London Joint-Stock	3.496.000	3.520,000	3 299,000	3,378,000	20	25	20	25
Union	7.394.000	7,800,000	7,715.000	8,642,000	20	20	20	20
City	1,094.000	1,375 000	952,000	954.000	10	10	10	10
	19.429,000	20,495,000	19.536,000	20.564,000				
Imperial	722,000	670,000	560,000	533.000	8	8	8	8
Alliance, limited	602.000	646,000	723,000	645.000	8	8	7	7
	20,753,000	21,811,000	20,819,000	21,742,000				
Consolidated	982,000	912,000	1,062,000	937,000	10	10	9	9
Central, limited	276,000	344,000	241.000	278.000	8	8	8	8
Metropolitan, limited	48,000	62,000	66,000	60,000	8	7	6	—
Lon. & S'thwestern, lim.	204,000	199,000	179.000	171,000	7	7	6	6
	22,263.000	23,328,000	22,367,000	23.188,000				
London and County	7,327 000	7,026,000	6,952,000	6,414,000	20	20	20	20
	29,590,000	30,354,000	29,319,000	29,602,000				

It is worthy of note that these banks make no weekly reports in the newspapers as is done by our banks here. The only demand which is made by the law for publicity is that their accounts shall be published twice a year. In 1844 Sir Robert Peel passed a law compelling the joint-stock banks to publish their reports every month. But this law was repealed in 1857, after Sir Robert

Peel's death; when the present law was enacted the requiremen of publicity was made nominal. Moreover, it will be seen tha the dividends of these banks are much larger than the dividend of the Bank of England, or the Bank of France, of the banks c the continent of Europe, or of the banks of this country. As w have already hinted, these large dividends are one of the specia characteristics of the joint-stock banking system as carried on i London. How it happens that these dividends are so much large than the average profits of other banks in Europe and Americ is a problem that suggests several large questions of genera interest, which our space compels us to reserve for discussio hereafter.

THE SCOTTISH BANKS IN ENGLAND.

One of the peculiarities of the Scotch banking system is tha from a small number of centers it sends branches into all part of the country, supplying every village and town in Scotland wit banking facilities. Recently the Scotch banks have begun to es tablish offices in London, and one of them, the Clydesdale Ban of Glasgow, has opened branches at Carlisle, Workington, an Whitehaven, in England. Although this extension of the Scotc banks across the border is not positively forbidden by law, th English banks have shown some natural disquietude at the rivalr of their enterprising neighbors. A short time ago, a number c London bankers joined with a strong body of English countr bankers, to make a formal representation to the Government an to claim redress. One of these remonstrants, Mr. John Dun, ha just published a letter* to Sir Stafford Northcote, the Chancellc of the Exchequer, setting forth the grievances of which he an his friends, the English bankers of London and the interior, hav to complain.

His first point is that the Scottish banks should not be allowe to bank in England, because they enjoy by law privileges of cir culating notes on conditions which apply only to Scotland an are expressly forbidden in England. Hence, Mr. Dun claims tha what is being done is a legal anomaly, a breach of the spirit c the law if not of its letter, an infraction of the fundamental prin ciples of the Peel legislation and of the English banking systen which is built upon it.

Secondly, Mr. Dun claims that the expansion of the Scotcl banks threatens to introduce an element of inflation. The Scotcl banks, under the act of 1845, secured larger privileges in th matter of issue, than had been allowed to the country bankers o England under the act of 1844. Their average circulation o

* A letter to the Right Hon. Sir Stafford Northcote, Chancellor of Her Majesty's Ex chequer. By John Dun, General Manager of Parr's Banking Company, Limited. London Effingham Wilson. 1874.

notes up to the date of the act was not only authorized for the future, as in the case of the English banks of issue, but they were allowed to increase their note circulation beyond this permanent credit amount on an equivalent basis of coin. A liberty of expansion, forbidden to the English country banks of issue, was thus left to the Scotch banks; and, though this expansion could only proceed on a metallic basis, yet, the metallic requirement being limited to the *minimum* monthly circulation, the advantage has been greater than would seem at first sight, though it has hitherto had no other than good effects both to the banks and to the commercial and industrial interests within Scotland itself.

Thirdly, this difference of treatment in the legislation of 1844–5 toward the English country banks of issue on the one hand, and the Scotch banks on the other, gives rise to the complaint that while the general course of British legislation has been restrictive, and indeed repressive, of banking in the English provinces, in Scotland it has not been so. It is computed that the eight Edinburgh and Glasgow banks have each, on an average, £673,000 of notes in a profitable form over and above the notes in circulation for which by law they hold coin. If we adopt Mr. Dun's figures as a fair average estimate, it is easy to perceive that a banking company, with an average capital of one million sterling—the average capital of Scotch banks—is in a favorable position when, in its dealings with the people, and in virtue of an issue of its own notes, its capital of £1,000,000 becomes equal to £1,673,000. There are English banks whose authorized issues of notes exceed their paid-up capital, and whose privilege in this respect is much greater than that of any Scotch bank; so that the law, in a hap-hazard way, has dealt in one sense impartially as between the two kingdoms. Yet, taking the new development of joint-stock banking in England since 1844—the date of Sir Robert Peel's Act—it is certain that no English banking company could give any elasticity to its capital by circulation of its own notes, and that country banking in England has proceeded under a legal disability, as compared with the law of banking in Scotland.

Such are the chief arguments of the memorialists. Their grievances have attracted the less attention outside of banking circles, because it has been replied that the Scotch banks, in opening offices in London, or branches in any part of England, could not take any privilege with them across the border, but must conform in all respects to the law of English banking. How, then, it was asked, could there be any grievance of the English banks as against the Scotch banks? Mr. Dun meets this difficulty in a direct and straightforward manner. He says that the circulation bonus enjoyed by the Scotch banks at home will impart strength to their operations in England, and will give them an unfair advantage against the English banks. He even thinks that their agencies in England will be instrumental in giving English currency to Scotch bank-notes. An act of 1829 provides that no

person or corporation in any part of England shall "publish, utter, negotiate, or transfer" any Scotch or Irish bank-notes of a lower denomination than £5, under heavy penalties; but there is no legal bar to the negotiation or transfer of Scotch and Irish bank-notes of £5 and upward, and it is, therefore, argued that Scotch banking-offices in England, though they may not issue their own notes, need not refuse to cash them on presentation, and that a new and unwonted acceptability will thus be given to Scotch bank-notes of £5 and upward in London and other parts of England where, from the presence of Scotch banks, they can be readily converted. In confirmation of this, Mr. Dun says that the Cumberland bankers have informed him that they can trace a marked increase in the circulation of Scotch notes since the establishment of the three branches of the Clydesdale in that county.

Those of our readers who agree with Mr. Wolowski that bank-notes are of little value as instruments of modern banking will probably doubt whether the Scotch banks have any interest in extending the circulation of their notes in England, since any extension of this kind entails, under their own law, an equivalent increase of their coin reserves in Scotland. Still the effect described by Mr. Dun is very likely to ensue. It might grow to so large an extent, indeed, as to be absolutely inconvenient to the Scotch banks. As it is, there must always be a considerable amount of Scotch bank-notes in England. The effect of the present state of the law, and of the legal and practical demarcation between the banking systems of the two countries, is to keep such notes dormant, and consequently to extend their period of currency. People, on leaving Scotland for the South, are thus careful to take away all their money in gold, or in letters of credit on English banks; but, if Scotch bank-offices were to become so numerous in England as to give a ready conversion to Scotch notes, many people might be less careful in this respect, and more Scotch notes might go to England; for the payment of which the Scotch banks, having already provided according to law by increased coin reserves at head-quarters, would have to provide a second time in their English branches. There does not seem to be much danger, under these conditions, of any material encroachment or confusion of issues. But what Mr. Dun and other English country bankers seem to fear, is that Scotch bank-notes, in particular districts of England, would keep passing among the people in ordinary business transactions, which, though not a source of much direct profit to the Scotch banks, would be an advantage to them in their proposed competition with English bankers on their own ground.

The English banking firms and companies will, no doubt, look further into this question, and they will agitate for some modification of the banking laws of the two countries. Whether the grievance is to be asserted against the Scotch banks, or against the banking laws of England, is a point that requires more con-

sideration than the remonstrants seem to have given to it. Mr. Dun seems to favor the latter alternative. He suggests four remedies as likely to be suggested: (1) That the Scotch and Irish banks, if they wish to retain their special privileges in Scotland and Ireland, should confine their operations to their own countries respectively; or (2) that English banks should be empowered to go to Scotland or Ireland to compete there with the Scotch or Irish banks on equal terms, and with equal privileges as regards circulation; or (3) that to the English banks should be conceded powers of circulation in England as ample, relatively, as those enjoyed by the Scotch and Irish banks in Scotland and Ireland; or (4) that all issues in England, Ireland, and Scotland be abolished, and that the State or the Bank of England should be the sole source of issue.

While admitting that the first course is the one that finds favor amongst the majority of English bankers, this writer sees difficulties in the way that he cannot consider it by any means the best solution. The second and fourth he discards on sufficient grounds. It is to the third he strongly inclines; and his remarks under this head, exhibiting as they do the legal disabilities of banking in England, form a valuable part of the pamphlet. This proposition of Mr. Dun is, that every joint-stock bank in England, having a paid-up capital of £200,000 or more, should have power to issue notes to the amount of one-half the paid-up capital, against a deposit of Government securities of equal amount, and a reserve of coin and Bank of England notes equal to one-half or one-third the notes in the hands of the public; and that the notes be payable in legal tender on demand. The controversy has been carried on for some time with considerable acrimony. But Mr. Dun, in his pamphlet, is the first person, we believe, that has brought it before the public. The chief interest of the subject here is in the light it sheds on the anomalous condition of the laws and customs regulating the banking system of Great Britain. The chief differences between the English and Scotch banks are the following:

1. The Scotch banks are all joint-stock banks. In England, there is a mixture of joint-stock and private banks.

2. The Scotch banks are nearly all banks of issue. In England there are many, both private and joint-stock banks, that are not banks of issue.

3. The Scotch banks generally have branches. In England most of the private banks, and some of the joint-stock banks, have no branches.

4. The Scotch banks universally grant interest on the balance of current accounts—a practice not universally adopted in England, especially in London.

5. The mode of making advances by way of "cash credit" is general in Scotland, but exceptional in England.

With regard to these cash credits, they are a banking expedient whose first origin was in Scotland, but they have been popular in Germany and in other parts of Continental Europe. In 1727, the Royal Bank of Scotland was founded as a rival to the Bank of Scotland. The latter was at that time the only bank in that country, and began the issue of £1 notes about the beginning of the eighteenth century. With a view to extend its business and cope with its powerful competitor, the Royal Bank devised these new banking facilities of cash credits, which are simply accounts paying interest. Their peculiarity is, that instead of receiving interest on the daily balance at his credit, the dealer pays interest on the daily balance at his debit. Mr. Monteith, a Scotch Member of Parliament, told the Currency Committee of the House of Commons in 1826, that he was a manufacturer employing at that time 4,000 hands; and that except with the merest trifle of capital lent to him, and which he very soon paid off, he began the world with nothing but a cash credit. Cash credits are usually limited in amount, and vary from £100 to £1,000. Several sureties, never less than two. These cautioners, as they are termed in Scotch law, have always the right to inspect his account at the bank, and to stop it at any time if irregular.

Before the Committee of the House of Commons, in 1826, it was stated that on the credit of £1,000, operations to the extent of £50,000 took place in a single week. It was also stated that on a cash credit of £500, operations to the amount of £70,000 took place in a year. One witness stated that during twenty-one years in a minor country bank, operations had taken place to the amount of nearly £90,000,000, and that there had never been but one loss of £200 on one single account. That the whole loss of the bank during that period did not exceed £1,200. In 1826, it was conjectured that there were about 12,000 cash credits guaranteed to persons, and that there were about 40,000 persons as sureties. The advantage to a person who has a cash credit is that he only pays interest from day to day on the sum he actually has at his credit. Whereas, in discounting a bill of exchange, he pays interest on the whole amount of his credit, whether he uses it or not. Moreover, discount is a trifle more profitable to the bank than interest. The bank, therefore, would naturally prefer a discount to a cash credit. The latter cannot be called up on a sudden emergency, and if there be a run on the bank, the security cannot be negotiated like a discounted bill. For these and other reasons, cash credits have been looked upon unfavorably by the English bankers, whose recent movement, as above described, may thus perhaps be in part accounted for.

FINANCIAL ASPECTS OF THE IRON TRADE.

ITS ANALOGIES IN GREAT BRITAIN AND IN THE UNITED STATES.

The late depression and present promise of the iron trade in this country have their counterpart in Great Britain, and give special interest to the subjoined facts from the London *Money Market Review*. After stating that many of the joint-stock companies engaged in the manufacture of iron were in an unstable condition, and that one of these corporations, the Blochairn Company, had lately failed, our contemporary expresses confidence that the present unfortunate condition of the trade is likely to be followed by a period of steadiness and comparative prosperity, though that extraordinary development which has taken place of late years, is of course unlikely to be soon repeated. He argues his point as follows: "The increased productive power which is a consequence of the expansion of trade, will be available and adequate for a few years, until the condition of Spain and France shall permit of a healthy trade with those nations, and then we may expect to hear of large extensions of works. Next to these Continental troubles, we have gradually growing a better feeling between employer and employed in our own country, and we may fairly expect to experience less and less of those disastrous conflicts between masters and men, which inflict such terrible losses upon those immediately concerned, and endanger the industrial supremacy of the nation at large. The reports from the various centers of the trade now speak of peace and lower prices, followed by greater activity, the blowing in of furnaces, and more business.

"The total quantity of railway iron of all sorts exported during the first half of the current year, amounted to 427,267 tons, of the value of £5,494,764. These figures indicate an increase over the first half of 1873, of 79,810 tons in quantity, and of £907,887 in value, and this, notwithstanding the fact that the United States took 55,500 tons less than in the first six months of 1873. The 427,267 tons exported up to June 30th this year, are certainly less than the quantity exported during the same time in 1872, 1871, and 1870; but in each of these periods the United States took enormous quantities, and the value of the present large export is that it is maintained in spite of the continual defection of America. In 1870, for instance, the United States took in the first six months, 197,045 tons, out of a total quantity of 562,709 tons (which included 102,564 tons to British India, a quantity that has never been approached since); in the first half of 1871, 244,784 tons, out of a total quantity of 467,191 tons; in the first half of 1872, 259,011 tons, out of a total quantity of 448,042 tons; in the first half of 1873, 120,468 tons, out of a total quantity of 347,757

tons; and in the first half of 1874, 64,969 tons, out of a total quantity of 427,267 tons.

"This statistics abundantly prove, for, during the first half of this year, Russia has taken 74,460 tons, which is a much larger total than any since 1870. Sweden and Norway have taken, in the half-year just closed, about 40,000 tons, which is considerably more than twice as much as during the corresponding period of the previous year, and nearly five times as much as was taken in the first half of 1872. Holland shows an increase, and Spain and the Canaries a large increase. Egypt has taken more this half-year than in the same time in 1872, and has thus regained the position lost in 1873, when only something over fifteen hundred tons were exported to that market. Brazil shows the same tendency, the 4,000 tons taken in the first half of last year having become 11,500 during the six months just closed. Chili is another notable example. In the first halves of the following years the figures have been:—1870, 9,395 tons; 1871, 5,490 tons; 1872, 1,352 tons; 1873, 2,908 tons; 1874, 9,185 tons—and this in spite of the fact that, while the 9,395 tons taken during the first half of the year 1870 cost but £73,000, the 9,185 tons taken in the six months just closed are valued at £104,954, or nearly £35,000 more. British North America maintains the position occupied during the last four years, but British India indicates a large improvement. While, during the first half of 1872, we exported to the latter market only 6,624 tons, and during the corresponding period of 1873, only 8,132 tons, the figures for the six months just ended are 25,026 tons. Australia also shows a remarkable and eminently satisfactory increase. The figures for the first halves of the following years are: 1870, 5,075; 1871, 10,468; 1872, 10,827; 1873, 9,293; 1874, 38,088. The full force of this extraordinary increase will be seen when we say that the average price per ton during the first half of 1872 was about £10 7s. 6d.; during the same time in 1873, about £15 3s. 6d.; and during the first half of the present year, a little over £14. The only item remaining to be considered in this connection is 'Other countries.' The exports to the various markets included in this comprehensive term, during the half-year just closed, amount to 71,736 tons, as against 28,386 tons in the corresponding period of 1873, and 24,948 tons in the same time in 1872.

"There are two conclusions to be drawn from all this. One is that the demand which these figures indicate must arise out of the absolute necessities of the country, for the average of prices is not yet so low as to admit of mere speculation. Another is that, where railways go, there will arise a demand for iron manufactures. The tendency of the labor and fuel markets is to greater quiescence and ease, and the tendency of prices is consequently downward. The result of this cannot fail to be some revival of trade; indeed, there are not wanting indications that it has already commenced."

RAILROADS AND COMMERCE.

In an instructive paper, read about eight years ago before the London Statistical Society, on the effect of railroads in stimulating foreign commerce, the author, Mr. Dudley Baxter, showed how in every country in Europe the expansion of commercial enterprise had kept pace with the enlargement of the network of railroads. It would be of considerable interest if some competent writer of adequate knowledge and leisure would compile similar details up to the present time. The value of the work would be greatly enhanced if, besides the foreign commerce, the internal trade could also be submitted to comparison.

One important part of the statistical facts requisite for such a work, will be found in the Blue Book just published by the British Government, containing a statistical abstract of the railways of the principal foreign countries in each year from 1860 to 1872. In this elaborate document, there is a comparison of the length of railways constructed of late years in various countries. Commencing with Germany, we find that in the year 1850, there were constructed railways to the length of 3,637 miles in that country, while in 1872 the length was 12,701 miles, of which considerably more than half was constructed by the State, and the rest by private companies. In 1850, the length of railways in France was 1,689 miles constructed by companies, and 209 miles by the State; in 1870, the total amount was 10,847 miles, thus showing a very important augmentation in this direction. As to the railways of Russia, we note that in the year 1860 their length was 634 miles, whereas in 1870 it had increased to nearly 7,000 miles, a very small proportion of which was constructed by the State.

The statistics also show the same progress as to railway construction in Austria. The length of railways in that country in 1850 was 802 miles, whereas in 1870 it was 3,724 miles. It does not appear that in Austria any railways have been built by the State, all having been the work of private companies. There were 138 miles of railways in Hungary in 1850, and 2,151 miles in 1870; there were 17 miles of railway in Spain in 1850, and 3,380 miles in 1870; there were 81 miles of railway in Portugal in 1860, and 439 miles in 1870; there were 265 miles of railway in Italy (including Rome) in 1850, and 4,087 miles in 1872; and it may be mentioned that with regard to all these countries last named the construction of the various lines has been due rather to the enterprise of companies than to the enterprise of the State. In Holland, the total length of railways was in 1850 109 miles, and 1,043 miles in 1872, of which last quantity 614 miles were constructed at the instigation of the State.

With regard to the progress of railway construction in Sweden, in 1850 there were only four miles of railway in that country, whereas the statistics report in 1872 1,198 miles, by far the greatest proportion of which was the work of the State. In Norway, too, the construction of railways of late years has made equal progress. As to Switzerland, in the year 1850 only sixteen miles of railway were in operation, while in 1872 there were nearly 1,000 miles. In Denmark there were twenty miles of railway in 1850 against 540 in 1872. Of the railway network of Turkey and Greece, the statistics are not very complete, but we note that in 1860 Turkey possessed 41 miles of line, which in 1870 had increased to 172. It does not appear that there were any railways in Greece until the year 1870, when a line was constructed to the length of six miles only. From these statistics, speaking generally, it will be perceived how rapidly railways have spread themselves almost over the whole world, certainly in all countries with the least pretensions to civilization; and it would be interesting to learn how closely the industrial growth of the various countries has responded to their railroad extension.

OFFICIAL REPORT OF BRITISH RAILWAYS, 1874.

The Board of Trade has issued its railroad statistics to January 1, 1874, much earlier than in previous years. We have before us the figures for the year 1873. The particulars respecting accidents we reserve for a future article. The general statistics are briefly epitomized below. They offer several characteristics of special interest. First, the railways in the United Kingdom showed, in 1873, the peculiarity that working expenditure had reached a higher point, as compared with gross receipts, than during any preceding year for which returns are given. The gross receipts in 1873 were £57,742,000, also the highest aggregate yet reached; the working expenditure, £30,752,848, or 53 per cent.; the net receipts were consequently £26,989,152. This last amount represented a proportion to total paid-up capital of 4·59, that of 1872 having been 4·74, and that of 1871 4·66. It does not follow from this that less profit was earned by the shareholders in 1873 than in the two preceding years, but rather that a less rate of interest was paid by them for loans with which to carry on their growing business.

Secondly, there is an increasing tendency to raise money on guaranteed rates of interest. Thus the debenture stock increased from £85,981,511 in 1872, to £99,855,120 in 1873, the corresponding figure in 1871 having been £67,282,535, and in 1870 £51,220,660; the total capital in 1873 was £588,320,308; in 1872, £569,047,346; in 1871, £552,661,551; and in 1870, £529,908,673. Hence it will be seen that debenture stock has been the favorite means, of late, employed for increasing the com-

panies' capital, from which it may be inferred that they find it more profitable to trade on borrowed money, their credit allowing them to raise it in the market at a low rate in comparison with their rate of net earnings.

Thirdly, the earnings of the roads are enhanced by the growing density of population and by the consequent concentration of industry in certain districts where special productive power is being developed. The gross receipts per mile of line open for traffic are higher than for any preceding year, being £3,642 against £3,244 in 1872, £3,064 in 1871, and so on in a descending scale the farther back the comparison is carried. The gross receipts per train mile are also higher than of late, being 5*s*. 7¾*d*., against 5*s*. 4½*d*. in 1872. This latter fact apparently arises from traffic being, so to speak, denser, or perhaps from each train being larger, and so capable of carrying more goods and passengers than formerly; at any rate the total number of passengers, exclusive of season-ticket holders, had risen to 455,320,188 in 1873, from 422,874,822 in 1872, and 375,220,754 in 1871. The receipts from passengers alone were £23,853,892 in 1873, a gradual increase having taken place during the past twenty years from £10,244,954; the passenger receipts have thus more than doubled during that period, but the number of passengers carried has quadrupled, from which it may be assumed that fares have diminished by almost one-half during the past twenty years. The following table will show the amount of the various descriptions of railway capital in 1873, and the varying rates of dividend paid in that year in the United Kingdom:

	Ordinary. £	*Guaranteed.* £	*Preferential.* £	*Loans.* £	*Debenture.* £
Capital of new companies the lines of which were in course of construction and no dividend earned	3,502,632	1,575	140,158	49,100	742,366
Constructed lines upon which no dividend was paid	34,111,084	153,635	7,388,039	—	—
Div. not exceeding 1 per cent.	9,538,635	—	2,030,121	—	—
" ex. 1 p. ct., not more than 2 p. ct.	1,316,434	101,180	5,765,166	1,400	46,915
" 2 " " 3 "	15,892,222	2,824,234	3,253,620	34,765	105,448
" 3 " " 4 "	24,747,146	9,667,258	15,834,373	30,473,974	49,292,939
" 4 " " 5 "	19,392,813	39,999,752	81,620,659	24,927,875	47,351,779
" 5 " " 6 "	21,610,792	9,979,652	3,481,745	364,600	2,297,673
" 6 " " 7 "	34,372,957	1,971,987	1,753,982	—	—
" 7 " " 8 "	53,638,352	758,573	227,500	36,600	18 000
" 8 " " 9 "	2,615,192	—	—	—	—
" 9 " " 10 "	19,242,170	490,570	279,165	—	—
" 10 " " 11 "	37,000	200,000	—	—	—
" 11 " " 12 "	3,800,846	—	165,000	—	—
" 12 " " 13 "	631,530	39,125	—	—	—
Total	244,449,805	66,187,541	121,939,528	55,888,314	99,855,120

These facts are very suggestive. They show that the mass of loan capital raised was at the very moderate interest of 3 to 5 per cent. per annum, and the rate compares favorably with that paid in 1872; in that year £74,000,000 of capital cost 3 to 4 per cent., and an equal amount 4 to 5 per cent., but in 1873 the larger part only cost the companies the lesser rate, seventy-nine millions being obtained at 3 to 4 per cent., while seventy-two millions were the sum on which 4 to 5 was paid.

NOTES ON ECONOMIC FALLACIES AND THEIR AUTHORS.

No. 1.—Hugh Chamberlayne and the Land-Banks.

The advocates of unlimited issues of paper money in this country often imagine that their theories are quite new, and comprise the latest results of modern thought. A little accurate knowledge of the past will dispel such misapprehensions. We propose to give an occasional sketch of some of the older worthies who have won renown as paper-money champions. The following account of one of these enthusiasts from Lord Macaulay's History, reads almost as a familiar narrative of the views of one of our own prominent inflationist leaders:

"Pre-eminently conspicuous among the political mountebanks, whose busy faces were seen every day in the lobby of the House of Commons, were John Briscoe and Hugh Chamberlayne, two projectors worthy to have been members of that academy which Gulliver found at Lagado. These men affirmed that the one cure for every distemper of the State was a land bank. A land bank would work for England miracles such as had never been wrought for Israel, miracles exceeding the heaps of quails and the daily shower of manna. There would be no taxes; and yet the exchequer would be full to overflowing. There would be no poor-rates, for there would be no poor. The income of every landowner would be doubled. The profits of every merchant would be increased. In short, the island would, to use Briscoe's words, be the paradise of the world. The only losers would be the moneyed men, those worst enemies of the nation, who had done more injury to the gentry and yeomanry than an invading army from France would have had the heart to do. His pamphlet was entitled a proposal by Dr. Hugh Chamberlayne, in Essex Street, for a bank of secure current credit to be founded upon land, in order to the general good of landed men, to the great increase of the value of land, and the no less benefit of trade and commerce, 1695; proposals for the supplying their majesties with money on easy terms, exempting the nobility, gentry, &c., from taxes, enlarging their yearly estates, and enriching all the subjects of the kingdom by a national land bank; by John Briscoe. '*O fortunatos nimium! bona si sua norint Anglicanos.*' Third edition, 1696.

"These blessed effects the land bank was to produce simply by issuing enormous quantities of notes on landed security. The doctrine of the projectors was, that every person who had real property ought to have, besides that property, paper-money to the full value of that property. Thus, if his estate was worth two

thousand pounds, he ought to have his estate and two thousand pounds in paper-money. Briscoe says: 'Admit a gentleman hath barely £100 per annum estate to live on, and hath a wife and four children to provide for. This person, supposing no taxes were upon his estates, must be a great husband to be able to keep his charge, but cannot think of laying up anything to place out his children in the world; but according to this proposed method he may give his children £500 apiece, and have £90 per annum left for himself and his wife to live upon, the which he may also leave to such of his children as he pleases after his and his wife's decease. For first having settled his estate of £100 per annum, as in proposals 1, 3, he may have bills of credit for £2,000 for his own proper use, for 10s. per cent. per annum, as in proposal 22, which is but £10 per annum for the £2,000, which being deducted out of his estate of £100 per annum, there remains £90 per annum clear to himself.' It ought to be observed that this nonsense reached a third edition.

"Both Briscoe and Chamberlayne treated with the greatest contempt the notion that there could be an over-issue of paper as long as there was for every ten-pound note a piece of land in the country worth ten pounds. Nobody, they said, would accuse a goldsmith of over-issuing, so long as his vaults contained guineas and crowns to the full value of all the notes which bore his signature. Indeed, no goldsmith had in his vaults guineas and crowns to the full value of all his paper. And was not a square mile of rich land in Taunton Dean at least as well entitled to be called wealth as a bag of gold or silver? The projectors could not deny that many people had a prejudice in favor of the precious metals, and that therefore, if the land bank were bound to cash its notes, it would very soon stop payment. This difficulty they got over by proposing that the notes should be inconvertible, and that everybody should be forced to take them.

"The speculations of Chamberlayne on the subject of the currency may possibly find admirers even in our own time. But to his other errors he added an error which began and ended with him. He was fool enough to take it for granted, in all his reasonings, that the value of an estate varied directly as the duration. He maintained that if the annual income derived from a manor were a thousand pounds, a grant of that manor for twenty years must be worth twenty thousand pounds, and a grant for a hundred years worth a hundred thousand pounds. If, therefore, the lord of such a manor would pledge it for a hundred years to the land bank, the land bank might, on that security, instantly issue notes for a hundred thousand pounds. On this subject Chamberlayne was proof to ridicule, to argument, even to arithmetical demonstration. He was reminded that the fee simple of land would not sell for more than twenty years' purchase. To say, therefore, that a term of a hundred years was worth five times as much as a term of twenty years, was to say that a term of a hundred years was worth five times the fee simple; in other

words, that a hundred was five times the infinity. Those who reasoned thus were refuted by being told that they were usurers; and it should seem that a large number of country gentlemen thought the refutation complete.

"In December, 1693, Chamberlayne laid his plan, in all its naked absurdity, before the Commons, and petitioned to be heard. He confidently undertook to raise eight thousand pounds on every freehold estate of a hundred and fifty pounds a year, which should be brought, as he expressed it, into his land bank, and this without dispossessing the freeholder. *Commons' Journal*, Dec. 7, 1693. I am afraid that I may be suspected of exaggerating the absurdity of this scheme. I therefore transcribe the most important part of the petition: 'In consideration of the freeholders bringing their lands into this bank, for a fund of current credit, to be established by act of Parliament, it is now proposed that, for every £150 per annum, secured for one hundred and fifty years, for but one hundred yearly payments of £100 per annum, free from all manner of taxes and deductions whatsoever, every such freeholder shall receive £4,000 in the said current credit, and shall have £2,000 more put into the fishery stock for his proper benefit; and there may be further £2,000 reserved at the Parliament's disposal towards carrying on this present war. . . . The freeholder is never to quit the possession of his said estate unless the yearly rent happens to be in the arrear.'

"All the squires in the House must have known that the fee simple of such an estate would hardly fetch three thousand pounds in the market. That less than the fee simple of such an estate could, by any device be made to produce eight thousand pounds, would, it might have been thought, have seemed incredible to the most illiterate fox-hunter that could be found on the benches. Distress, however, and animosity, had made the landed gentlemen credulous. They insisted on referring Chamberlayne's plan to a committee; and the committee reported that the plan was practicable, and would tend to the benefit of the nation. But by this time the united force of demonstration and derision had begun to produce an effect even on the most ignorant rustics in the House. The report lay unnoticed on the table; and the country was saved from a calamity, compared with which the defeat of Landen and the loss of the Smyrna fleet would have been blessings."

It is not the object of these notes to refute by elaborate argument the fallacies held up to public reprobation. We wish rather to expose than to refute. It is plain to the most cursory observer that the chief faults of Chamberlayne's scheme were two: first, he forgot that money, to keep its value while inconvertible, must be limited most stringently in amount. This principle he violated by proposing to issue legal-tender paper to enormous amounts, as fast as it should be asked for by the owners of land.

Secondly, he ignored the fact that the land which was supposed

to be a basis for his irredeemable notes was really no basis at all, because no holder of a note could seize the land, or would be fully indemnified if he could seize upon it. In this country, and wherever else land-banks have been set up, their uniform failure is to be attributed to one or both of these two fatal defects in the system. John Stuart Mill, in his *Political Economy*, Book III., chap. 13, discusses these errors as follows:

"Of the fallacies by which paper-money schemers impose on themselves, one of the commonest is that a paper currency can not be issued in excess so long as every note issued represents property, or has a foundation of actual property to rest on. On this theory there have been many schemes for coining the whole land of the country into money and the like.

"In so far as this notion has any connection at all with reason it seems to originate in confounding two distinct evils to which a paper currency is liable. One is the insolvency of the issuers; which, if the paper is grounded on their credit—if it makes any promise of payment in cash, either on demand or at any future time—of course deprives the paper of any value which it derives from the promise. To this evil paper credit is equally liable, however moderately used; and against it a proviso that all issues should be 'founded on property,' as for instance, that notes should only be issued on the security of some valuable thing expressly pledged for their redemption, would really be efficacious as a precaution. But the theory takes no account of another evil, which is incident to the notes of the most solvent firm, company or government: that of being depreciated in value from being issued in excessive quantity. The assignats, during the French Revolution, were an example of a currency grounded on these principles. The assignats represented an immense amount of highly valuable property, namely, the lands of the crown, the church, the monasteries, and the emigrants; amounting possibly to half the territory of France. They were, in fact, orders or assignments on this mass of land. The revolutionary government had the idea of 'coining' these lands into money. They imagined that the assignats would come rapidly back to the issuers in exchange for land, and that they should be able to reissue them continually. Their hope was frustrated; the land did not sell so quickly. The bits of paper which represented land becoming prodigiously multiplied, could no more keep up their value than the land itself would have done if it had all been brought to market, and at last it required an assignat of five hundred francs to pay for a cup of coffee."

Mr. Mill elaborates this argument at considerable length. It is unnecessary for us to pursue it further, as the error of Chamberlayne's fundamental principles must be obvious. As to his absurd notion that the owner of landed property might issue paper money upon it to the amount of a hundred years' rent, Macaulay's experience as a lawyer suggested to his mind a much better refutation than seems to have occurred to Mill.

FINANCES OF THE UNITED STATES OF COLOMBIA.

The latest official statistics accessible to us are from the Minister at London of the United States of Colombia, who published in August the following data from the annual report, which the Secretary of the Treasury and National Credit presented to the Colombian Congress at its last session:

"On the 31st December, 1873, the Public Debt of Colombia amounted to the following aggregates:

"The Interior Debt classified thus:

Nominal rente preferred	$ 1,692,670
Ordinary rente	3,118,300
Rente to bearer	3,949,360
Bonds of the floating debt	1,547,200
Bonds without interest	304,640
	$ 10,612,170

"The Exterior Debt, arising:

1st. From loans and war material raised for the War of Independence (as per agreement made with the creditors, dated 1st January, 1873), £ 2,000,000, equal	$ 10,000,000	
2nd. From a loan of £ 200,000 contracted in 1863, for the purpose of building a road in the south of the Republic	702.500	
3d. From a contract made in 1865 for the purchase of two steamers	140,000	
		$ 10,842,500
Total of the Public Debt of Colombia		$ 21,454,670

"The nominal and ordinary Rentes of the Interior Debt represent a consolidated capital; in consequence, the Government are only obliged to pay interest on them at the rate of 6 per cent. per annum on the former, and 3 per cent. on the latter.

"The bonds of the Floating Debt have a special fund for their amortization, for they are receivable in payment of sales of mortmain property, and, as the value of the latter exceeds by a large amount that of the bonds, they will not require, as they have hitherto not required, any erogation from the Treasury. Deducting, then, from the total amount of the Interior Debt the amount of the three classes of debt just mentioned, there remains a residue of $ 4,254,000 (£ 850,800), corresponding to the amounts of the Rente to bearer and bonds without interest, which the Republic is obliged to redeem. This operation is effected by means of monthly public auctions; and, in view of the results obtained during the last two years that this system has been practiced, one may rest assured that in the course of three or four years this item will be wiped off.

"The Exterior Debt, contracted for the War of Independence,

will bear 4½ per cent. per annum until the end of the year 1877, and 4¾ per cent. from 1878 and afterwards; but, should the import dues in the year produce $ 3,000,000 net, the interest is to be increased to 5 per cent. The amortization of this debt will begin from the said year 1878, by means of an accumulating fund of $ 125,000 per annum.

"The general Treasury of the Republic hands over, every month, to the agent of the creditors, the twelfth part of the sum needed to cover the annual interest. This interest is paid every three months, and the payments are made with rigorous punctuality.

"For the payment of interest and for the amortization of the capital of the Exterior Debt arising from the loan of 1863, the Republic has to deliver, every month, $ 10,000; and, besides this sum, others are sought to be appropriated, with the object of accelerating the amortization of such debt.

"The debt contracted for the purchase of two steamers amounted to $ 350,000, and of this sum $ 210,000 had already been redeemed, when the suspension of further payments was decreed, because of a misunderstanding upon the real amount of the debt. In this matter the Attorney-General has taken action, and the case is now being carried on. In proceeding thus, payment has not been sought to be evaded; a stand has been taken on one's rights; and so scrupulously has the affair been conducted, that the suspension of payment has not been brought to bear on those persons who have shown that they were *bona fide* holders of any of the bonds representing that debt.

"The amount of the debt which the Colombian Treasury has to bear being known, it remains to be seen whether the Treasury is in such a position as to be enabled to meet the engagements it has entered into with its creditors.

"Up to the financial year which expired on the 31st August, 1871, the Treasury accounts showed a constant *deficit*, and, notwithstanding this, the home creditors were paid on the terms stipulated by law; and, with regard to the foreign creditors, the agreement of 1861 was being carried out, until it was superseded by a Treaty dated 1st January, 1873, to which you have made reference before. On the 31st August, 1872, the deficit had disappeared, and, at the expiration of the next financial year (*i. e.*, on the 31st August, 1873), the Treasury accounts showed a surplus, notwithstanding that during this and the preceding year $ 1,811,500 were appropriated for old obligations and for extraordinary expenses of a transitory character.

"The Treasury accounts balanced on the 31st August, 1873, showed the following results:

Product of revenue	$ 4,855,500
Expenditure	3,997,500
Surplus	$ 858,000

which surplus increased four months afterwards—that is, on the 31st December, 1873—to $ 896,100.

"In the estimates for the financial year 1874–1875, are reckoned:

Product of revenue, at	$ 4,003,728
Amount of expenditure, including, of course, that needed for the Interior and Exterior Debts	3,000,000
Surplus	$ 1,003,728

The foregoing statement is signed by Justo Arosemena, Colombian Minister, and by Gregorio Obregon, Special Commissioner for Railway Contracts. It is dated at London, August 1, 1874.

MR. McCULLOCH'S LETTER ON THE FINANCES.

Mr. HUGH McCULLOCH, in declining an invitation to address his old friends at Cincinnati on the financial situation, has written an elaborate letter which is well worthy of being placed on record. We have not space for the whole, but the essential paragraphs of the letter are given verbatim, as follows:

"My opinions upon the subject of the currency are well known by those who took the trouble to read my Fort Wayne speech, and my reports as Secretary of the Treasury from 1865 to 1869. The opinions I then expressed, in language as strong and unequivocal as I could command, have neither been changed nor modified. On the contrary, they have been confirmed and strengthened by further observation and reflection. I thought it to be the duty of Congress, considering the subject in its moral as well as its financial bearings, to adopt decisive and effective measures to bring about specie payments, and that the time for the adoption of these measures was at the close of the war. I did not think that 'the way to prepare for specie payments was to resume,' but I did think it of vital importance to the best interests of the country that the restoration of the specie standard should be the end and aim of all legislation bearing upon the subject of the currency. My conviction was clear and decided that this could only be effected within any reasonable time, and before such financial disaster as has recently occurred would overwhelm the country, by retiring so much of the paper currency in circulation as would be necessary to bring up the residue to par.

* * * * * * * *

"In my earliest utterances upon the financial question, in a free talk with my Fort Wayne friends, I remarked that, 'while I regarded an exclusive metallic currency among an enterprising and commercial people as an impracticable thing, I regarded an irredeemable paper currency as an evil which circumstances for a

season might render a necessity, but which should never be sustained as a policy; that the legal-tender notes were issued as a war measure, and that as the war had been brought to a successful termination, measures should be instituted for retiring them altogether, or bringing them up to the specie standard; that I had no faith in a prosperity that was based upon depreciated paper money, and that I saw no safe path to tread but that which led to specie payments; that the extremely high prices prevailing in the United States were an unerring indication that we were measuring property by a false standard; that the United States were becoming the best country in the world for foreigners to sell in and the worst to buy in; that the longer inflation continued the more difficult would it be to get back to the solid ground of specie payments; that if Congress should, early in the approaching session (1865 and 1866), authorize the funding of the legal-tender notes, and the work of reduction should be commenced and carried on resolutely, but carefully and prudently, we should reach the solid ground without serious embarrassment to legitimate business. If not, we shall have a brief period of hollow and seductive prosperity, resulting in widespread bankruptcy and disaster.' Such were my sentiments then, and such are they now.

* * * * * * * *

"A sound currency is the very life-blood of a commercial people. None but bankrupt nations, with the exception of the United States, keep in circulation an irredeemable paper currency, a currency which, in their cases, tends to produce and perpetuate the poverty it indicates To the United States such a currency is utterly disreputable, since there is not the slightest necessity for it. That a nation so rich as ours, so grand in its resources, so vast in its productions—a nation which has challenged the admiration of the civilized world by the rapid reduction of its public debt, commencing that reduction at the close of a war the most expensive that has ever been carried on, and actually reducing it at the rate of nearly a hundred million of dollars a year—that such a nation should for so long a period maintain a depreciated circulating medium, made lawful money by statute, is to intelligent foreigners an inexplicable mystery. The specie standard ought to have been restored ere now, and I believe it would have been, if that great power in the land, the press, had given to the doctrines enunciated from the Treasury Department from 1865 to 1869 the hearty indorsement it has given to similar doctrines when proclaimed by the President in 1874. . . . .

"As parties now stand the financial question cannot be made a strictly party question, nor will it be, as at the latter part of the late session it was feared might be the case, a sectional one. It is a question upon which there will be differences of opinion among men of the same party and the same State. That there should be speedy legislation and a definite policy established everybody who is not a gambler in business admits and desires.

Nothing but further inflation can be worse than uncertainty upon a matter so important to the well-being of the country as the currency. It is for these reasons that I feel at liberty to give my opinion upon the financial legislation that is required. I state my views frankly, not as presenting the only way, but as what seems to me the most certain and direct way of returning to specie payments. If a wiser plan shall be adopted, no one will be more pleased than myself.

"*First*—Congress should fix a period, say the 1st of December, 1876—the time is not material, if it be not remote—after which United States notes should cease to be a legal tender.

"*Second*—The Secretary of the Treasury should be authorized to retire, by the use of the surplus revenue, and, if this should be insufficient, by the sale of bonds, at least $ 50,000,000 of United States notes per annum until all have been retired, and he shall be prohibited from reissuing the notes thus retired under any pretext or circumstances whatever.

"*Third*—In lieu of the United States notes retired, an equal amount of bank notes, if they should be required, should be issued to National banks.

"*Fourth*—When the specie standard has been re-established by the repeal of the legal-tender acts, banking should be made free, and Congress should cease to interfere with the currency, except so far as may be necessary to prevent illegal issues, and to provide that every dollar in circulation by authority of law shall be secured beyond a contingency, as is now the case, by a deposit of United States bonds in the Treasury. . . . .

"The advocates in Congress of inflation or an increase of currency, were chiefly from the Western States. How truly they reflected the sentiments of that section I cannot say, but I am sure that what is needed in the West is not so much more money as better money, and greater and cheaper means for the transportation of its products to the markets. There is no class of men who are so much injured by irredeemable paper money as the agriculturists. It is the farmer, especially, who is cheated by fictitious money. It is said, I know, that he pays his taxes with it and for what he needs to purchase, but is it not true, also, that it increases his taxes and adds largely to the cost of what he buys?

"The cotton, sugar and rice of the South, and the grain, beef and pork of the West, are needed at home and by foreign nations, and they will always command money. The people who have them to dispose of must decide what kind of money it shall be—money in the form of broken promises, or gold and silver, and convertible bank-notes.

"I have been for a long time absent from the country, but I am greatly deceived if the demand at the West for more currency does not come chiefly from those who have little or nothing to sell, and who would be consequently injured by a compliance with their demands. There may be at present depression in the

price of agricultural products, but this is not owing to a scarcity of money, but to a falling off in the demand for them. Consumption at home is less, and the foreign demand is smaller than they have been. Many of our manufactories are idle, and the European markets are disturbed by our financial troubles. It is these causes, which are only temporary, and not scarce money, which occasion the depression which at present exists. . . .

"There need then be no apprehension on the part of the farmers of the West that they would be injured, or that there would be a scarcity of money, by reason of the withdrawal of the United States notes or a reduction of paper circulation. For every dollar of depreciated currency withdrawn they would have a dollar, in value at least, of convertible paper or of specie. What is true in regard to farmers is equally true in regard to manufacturers, merchants and laborers. . . . .

"In regard to a substitution of bank-notes for greenbacks, I have only to say that there ought not to be, and there will not long be, two kinds of paper money in circulation. One kind or the other will occupy the field. This I think inevitable. We shall get rid of the United States notes, or there will be an irresistible demand for more of them. I advocate the substitution of bank-notes for United States notes, because the latter stand in the way of a return to specie. . . . .

"I advocate the substitution of bank-notes for United States notes, also, because I regard it of exceeding importance that the subject of the currency should be withdrawn from politics. Politicians are necessarily agitators. They cannot be otherwise. They need capital, and agitation is capital. That this capital should not be made by a perpetual interference with what affects every man's interest is an obvious truth. A Government currency, therefore, is not what is needed for a circulating medium. No political party should be intrusted with the power of making money, or what is called money, scarce or plenty at pleasure.

"Let the United States notes be retired. Let the restraints upon bank circulation be removed. Let banking be free and the business of banking be managed by those who embark in it. Let the circulation of banks, secured by the bonds of the Government, be regulated by their ability to redeem, and by the requirements of the country, and we shall have that freedom from political interference, and that flexible yet stable, because convertible, currency which is needed to stimulate enterprise and to secure to labor its proper reward.

"The loss that the people would sustain in the matter of interest by the withdrawal of United States notes, if this loss should not be made up by the taxes assessed upon the banks and the facilities which they render to business, would be small in comparison with what would be gained by the withdrawal of the currency question from the arena of politics. I am no advocate of banks. If they did not exist I might regard the creation of them a ques-

tion of doubtful expediency, but they are so interwoven with our financial interests that they could not be destroyed without a financial revolution. And it must be borne in mind, in considering our banking system, that it is a very different one from that which it superseded, in as much as it gives to the people a circulation of uniform values and unquestionable solvency. It is undoubtedly the best system now in existence, and it should be sustained until a better one is devised, or until the country is prepared to do without banks altogether. . . . .

"There is another subject to which I should not allude if there was not a 'plank in the platform' adopted by the recent Democratic Convention at Indianapolis in favor of the payment of the five-twenty bonds in greenbacks. Although it is known that party platforms are usually made to be disregarded and 'spit upon,' the expression of such a sentiment by an intelligent and highly-respectable body of men, claiming to represent a great political party whose record upon financial questions has been most creditable, is calculated to mislead well-meaning people, if not to damage the national credit. This subject is rapidly losing its interest, in a pecuniary point of view, by the fact that the five-twenties are being rapidly converted into five-per-cents., which, in order to prevent any question in regard to the currency in which they are to be paid, are upon their face made payable in coin.

"Still, presented as it has been for the consideration of the voters of Indiana, it is not without importance. I feel it to be important because it affects the good name of my own State. That the five-twenty bonds should not and can not be paid in depreciated greenbacks, is evident for the following reasons:

"*First*—These bonds are National obligations, intended to be circulated and held in foreign countries as well as in the United States, and all such obligations are always understood to be payable in the currency which alone is recognized as money by the common consent of the great family of nations.

"*Second*—They can not be so paid, because it could not be done without increasing the issue of the legal-tender notes beyond $400,000,000, and a large portion of these bonds were issued after the faith of the Government had been pledged by act of Congress that this should be the limit; and because Congress by a special act of 1869 declared that these bonds are payable in coin.

"*Third*—Because it was the express understanding between the Government and the people when these bonds were issued that the principal as well as the interest should be paid in coin.

"The language of the resolution, "We are in favor of the redemption of the five-twenty bonds in greenbacks, according to the law under which they were issued," if not positively untrue, is calculated to mislead. That these bonds should be paid in greenbacks is not in accordance with the law under which they

were issued. The reverse is the fact. It is true that the law does not expressly state that they are payable in coin, but it is provided that the interest shall be so paid. If it is silent in regard to the principal, it is because no one at that time regarded the United States notes as anything else than a temporary currency, which was to be redeemed or retired by conversion into bonds long before the bond, by their terms, would be brought under the control of the Government. By every member of the House and of the Senate who participated in the debate when the issue of these bonds was under consideration, and who, in terms, alluded to them, they were spoken of as gold bonds. Who, in fact, ever heard of a National obligation, the interest on which was payable in one kind of currency and the principal in another, and what would be thought of a people who should take advantage of the technical construction of their own law, and compel the holders of their bonds to take in payment thereof their own dishonored and depreciated paper, notwithstanding their servants in the Treasury Department, their agents who solicited subscriptions, and the public press, with the full knowledge and approval of the law-making power, had represented the principal as well as the interest of the bonds to be payable in coin!

"To do such an act, the people of the United States would reach a depth of degradation and dishonor to which no nation has yet descended."

The rest of the letter is devoted to a description of the tariff. Mr. McCulloch declares himself a free-trader. He concludes with the declaration that although in his opinion it will, at no distant day, be as difficult to find a protectionist in this country as it is to find a land-holder in England who would acknowledge that he ever favored the Corn-Laws, and although the United States, with their rich soil, abounding resources and intelligent people, will prosper, no matter what laws may be upon the statute-book, still they will never make the advance which they are capable of making in wealth, in morals and civilization until they have a sound currency and freer trade with foreign nations. We print on the following pages some suggestive comments, from a valued contributor, on the financial part of Mr. McCulloch's propositions.

FINANCIAL PLANS OF THE DAY.

By a Veteran Banker.

Ex-Secretary McCulloch's Plan.

The Hon. Hugh McCulloch, of London, now on a visit to thi country, formerly Secretary of the Treasury, and one of the archi tects of our present system of finance, has written a letter on th currency and cognate matters, to prominent citizens of Cincinna in lieu of delivering a lecture on the subject by their invitation Mr. McCulloch thinks the financial question cannot now be mad a party question; but there, we think, he errs, essentially, if no literally. He errs if he does not think it a party question al ready; we may add, as it always will be, as it always has been as it ought to be. In this country, every public measure is party question. That is the Republic. The people will mak every subject of national consequence, a party question. It i their education, their right, their duty. When the day comes tha it will be otherwise, we shall have ceased to be a free people.

Mr. McCulloch's plan is as follows:

First. That Congress shall "fix a period," say December 1, 1876, aft which United States notes shall cease to be a legal tender.

Second. That the Secretary of the Treasury shall apply any surplus reven to the redemption of the legal tender at the rate of fifty millions a year unt all shall be taken up, and reissue not allowed. If the revenue prove insuff cient, create new bonds, and sell them to get the means.

Third. An equal amount of National bank notes shall be put out, to tak the place of the legal tender.

Fourth. "When the specie standard has been re-established by the repe of the legal-tender acts," establish "Free Banking." And henceforth Congre is not to "interfere" with the currency beyond the requisition of bonds security for all bills issued.

There is nothing new in this plan. It does not propose to con tract or expand the currency. It is nothing but "manipulation. Mr. McCulloch proposes no law of finance, new or old, but onl a continuance of *handling*—a continuance of *experiment.* Is ther then no law, no principle in the financial system, comparable wit the law of gravity in the work of material construction, by whic we are to be guided? This, as far as our observation has ex tended, is a common fault with every plan yet proposed for th reorganization of our affairs. We look in vain for the first blin of a scientific idea to govern us in the process of reconstructio We find nothing but *shooting at a target!* No doubt, if we tr every possible experiment, we shall hit upon the right one amon them; but if we know the *law,* we have it at once, and need no shoot 999 times before we reach the lucky number of 1,000.

The proverb which allows that we can take the horse to water, but cannot make him drink, is applicable to Mr. McCulloch's first proposition. Congress may say that the United States notes shall cease to be a legal-tender in December, 1876, but will that "reestablish the specie standard," as he assumes in his fourth proposition? If, as provided for under his second head, all the United States notes shall be replaced by bank-issues, will that put the Treasury on a specie basis? Our Hon. Ex-Secretary reasoned better in 1866, when he wrote in his report to Congress:

"The coin produced in any country will be retained there no longer than its productions and sales keep the balance of trade in its favor. * * Water does not more naturally seek a level, than does specie flow from one nation to another for the payment of balances created by an unequal exchange of commodities. * * It is this great commercial and financial law which makes the nation that sells more than it buys the creditor nation, and the nation that buys more than it sells the debtor nation, and recognizes no medium but coin in the payment of balances, *that determines the question of the ability of the United States to resume and maintain specie payments.*"

To use a slang simile, this reasoning of Mr. McCulloch, in 1866, knocks the proposition of Mr. McCulloch, in 1874, into something which might once have been a hat, but is no longer so. It is unanswerable, sound, and pertinent. It tells us precisely where we stand, why we are in an unfortunate "fix," and how we may get out of it. The two other ideas of the ex-Secretary, viz.: a revenue tariff and free banking, are likewise summarily disposed of by the foregoing extract from his report in 1866. As to the *free banking*, especially—that gold-coated pill which is to purge our financial system of all possible disorders—it is perhaps natural for a free banker who does well with it for himself, to recommend it to others; but it does not by any means follow that it would answer all the emergencies of a great nation like ours. In a country of such wide borders, it is much easier to heap up abuses, and to let them gradually permeate its thousand by-ways and corners, than it is to find means for their correction when they have become completely interwoven with the affairs of millions of people. We may admit for example that the bonds of our Government are good enough to make a paper circulation of two or five thousand million dollars ultimately safe, but who wants to see such an experiment tried! For our own part, we believe that the limit of safety and trustworthiness is very nearly reached as it is. We are not so blind with conceit as to believe our nation above all perils of civil disturbance, as a consequence of long-continued financial embarrassment; and we don't want to invite experiments in that direction.

Mr. McCulloch prophesies. He says: "Is it not likely that an issue of bank-notes corresponding to the amount of United States notes withdrawn will be required, as the value of both kinds of our paper-money will be steadily increasing, and specie will be taking the place of paper as a reserve of the banks, and ultimately as a circulation among the people." What then does our ex-Secretary mean by saying that specie payments cannot come about until we cease to buy more of other nations than we sell?

THE POLICY OF EUROPEAN SYNDICATES.

By J. S. G.

The living issue now before the country, not to be lost sight of, is *specie payments.* Whatever measure is proposed, in or out of Congress, commends itself to our respect or deserves our reprobation, accordingly as it is calculated to promote or to discourage that end. Refunding our debt at a lower rate of interest seems, *prima facie*, to be an act of sound fiscal policy. If the Secretary of the Treasury should succeed in transposing 179 millions of six per cent. bonds with the same amount of five per cents., "on the square," and if there are no collateral drawbacks to impair the integrity of the transaction, he will win not only golden opinions, but golden eagles also. The question, however is not so simple as it appears at first sight. If the refunding were done at home, there would be no ground for disputing the policy of it. But if done abroad, it involves the export of the interest in gold; and the drain of gold to foreign countries is the chief practical obstacle to the resumption of specie payments Stop that drain, and gold soon becomes a drug. Re-instate our bonds which are now owned abroad, in the position which they held at the close of the war, that is at *home*, and the sides of the Independent Treasury would soon burst asunder with the accumulation of specie. Imagine what our condition would be at the present time, if all the coin which we have sent abroad to pay our interest debt, had been retained in the country! We hazard little by the presumption that specie payments would long ago have been reached—or that if any obstacle stood in the way it would not be the lack of specie.

We are not disposed to take from our new Secretary any credit that belongs to him for efficient management, nor to load him with responsibility for a policy which he had no hand in originating. Our aim is, simply, to keep the true issue in view—"*specie payments.*" If we are told that there is the difference saved annually between five and six per cent. on some hundreds of millions, we respond—"*specie payments!*" If we are told that a thousand sinecure heads have been lopped off in the Treasury bureaus at Washington, we respond again—"*specie payments!*" If we have the assurance that the most vigilant economy is observed in the printing department, still we respond—"*specie payments!*" In the words of the good book, "these ought ye to have done, and not to leave the other undone."

The policy of foreign loans has always been held in time of

peace, as a policy *to be submitted to*—not one to be chosen. It is the policy of second-class powers, of infant or decaying states, of semi-civilized races—in short, of poor countries which are in the condition of a man with lands and mines who is forced to raise money on mortgage to work them. Is it not enough to make a citizen of the United States blush to see our President bending under the weight of his "promissory notes," and offering them "for discount" on all the exchanges of Europe, while our half globe groans with overburdening wealth as it turns on its axis? Evil was the day for our country when its Treasury fell into the hands of foreign brokers! The more to be deprecated because we had fought our way through the civil war, and no longer needed such "help."

Our Treasury has passed several most critical junctures, and has triumphed in them all by the inherent force of the wealth of the country. Skill of management has had nothing to do with its triumph. The labors of the people, their prodigious energy and great achievements in railway construction, by which the most fertile region on the globe has been brought to the doors of the European markets—to these belong the honor of surmounting not only all natural obstacles, but the malignant prejudice of British capitalists, and establishing our national credit on its present prosperous foundation—as we esteem it. The suspension of specie payments is an adverse fact of domestic consequence purely. Our credit in the markets of Europe is not materially injured by it, if it is injured in the least degree. How do we stand?

In the beginning of the war, we had no credit abroad whatever. We had nothing to depend upon but our home resources. While the "Confederate Loan" was freely dealt in on the London Exchange, United States bonds were rarely if at all quoted. This was a juncture that would have been a fatality to any other nation on the earth engaged in war. How we surmounted it, let Secretary Fessenden tell us. "This nation," he said at the end of 1864, "has been able thus far to conduct a domestic war of unparalleled magnitude and cost without appealing for aid to any foreign people. It has chosen to demonstrate its power to put down insurrection by its own strength, and furnish no pretense for doubt of its entire ability to do so, either to domestic or foreign foes." Up to this time, no foreign Syndicate was found to touch American credit.

The war was over, and Lee had surrendered a few months later. Our credit had so far improved in the continental markets of Europe that our bonds began to find purchasers there; and the current of investment flowed so rapidly in our favor, that every advantage which we could desire for our complete fiscal success was absolutely in our hands, without a single step having been taken by our Government to promote that result. In 1865–1866, Secretary McCulloch wrote:

"The debt is large; but if kept at home, as it is desirable it should b with a judicious system of taxation, it need not be oppressive. * * No o regrets more than the Secretary the fact that so large an amount of our bon is held abroad, or the unfortunate condition of our trade that has transferre them hither. The opinion that the country has been benefitted by the export tion of its securities, is founded upon the supposition that we have receive real capital in exchange for them. This supposition is to a large extent un founded. Our bonds have gone abroad to pay for goods, which without the might not have been purchased. * * Not one dollar in five of the five twenties now held in England and upon the Continent, has been returned t the United States in the form of real capital."

And, as if to give the most ogre-like appearance possible to th spectre which he conjured from the cauldron of our adversities he added:

"Nothing is more certain than the fact that there can be no permanent resumption of specie payments in the United States until the balances between them and other nations shall be made easy by an exportation of commodities, including the products of the mines, equal at least to our importations, and until provision shall be made for returning bonds, or for preventing their return at impropitious times."

While it is beyond question demonstrable that a positive relation exists between the planting of our securities in foreign markets, and our ability to resume and maintain specie payments, there is this modifying clause—that not all the Syndicates in the world can prevent their flowing from one market to another on the tides of the commercial exchange. This mobility of our credit has not at any time been appreciated or understood by our treasury managers. In fact, since the magnetic telegraph has established its click in the private closet of the banker in every part of the world, it can scarcely be said that there are any longer two markets in existence. It is a pity that we have not known how to esteem the value of a debt well placed, and how easy it is to lose all the gains of interest through refunding by the mere instability and disorganization consequent on frequent changes. This point was very clearly set forth by Mr. William B. Duncan, before the Committee of Ways and Means, when the transactions of the first Syndicate were examined. He said:

"The condition of the United States Treasury was not such as to make it absolutely necessary to negotiate a new loan. The six per cent. loan of the Government was as well placed as any loan could possibly be. I mean, it was permanently placed, held by small investors in all parts of the world, and held in such a manner as not to be liable to be forced upon the market by temporary panics. The effort to put a five-per-cent. bond upon the market having no especial advantages over the previous form of bond, changed the character of the holders of the six-per-cent. loan, as in my judgment to upset the permanency of the investment. * * I am not one of those who believe that Jay Cooke & Co. (while undoubtedly they expected to make a reasonable profit upon the operation, as they were certainly entitled to do) did actually make a profit on the thing itself to anything like the amount accredited to them; and I doubt very much whether in the present condition of the markets of the world, another effort in the same direction would be nearly as successful as that one has been. With all due respect to the action of the Secretary of the Treasury, I would have exhausted the power which Congress gave, by calling on the public for subscription, as prescribed by the act, under the original terms of which $65,000,000 of the loan was taken by the banks.

"*The Chairman*—Taking the law as it exists, can you suggest a better method for the Secretary to proceed than in the way he took?

"*Mr. Duncan*—No better method, except to avoid proceeding at all. * * I think he had better pay a high rate of interest than to be constantly disturbing the condition of the credit of the United States.

"*The Chairman*—Suppose the proposition was made to take them (the balance of the five-per-cents.) on the same terms on which the balance of the $200,000,000 was placed in Europe, would you think it advisable?

"*Mr. Duncan*—I should still object to its being done in the interest of the credit of the United States. * * My information is from hearsay. I have the impression from that, that the placing of the loan on the London market was the result of a very vigorous, ingenious and able stock operation, enlisting large numbers of the members of the Stock Exchange in the shape of commissions and orders to buy and sell, &c., thus virtually getting the loan off, and not having it taken on its merits."

Our conclusions are brief. With respect to the new Syndicate and its extraordinary option, as an independent transaction, we can only repeat what was said in the September number of the magazine—"it is obviously premature as yet to decide." But we cannot help regarding with suspicion, to say the least, the policy entered upon by the Government of stabilitating our debt in foreign countries. The judgment of Mr. Duncan seems to us to be more in accord with the principles of sound fiscal policy—that "we had better pay a high rate of interest than to be constantly disturbing the condition of the credit of the United States."

The subject is by no means exhausted. There remains much to be said, especially as it concerns the bearings of the foreign investment policy on what we must persist in believing to be the question most deserving our attention at the present time—the resumption of specie payments.

The Relative Importance of Statistics.—Next to the collection of facts comes the dissemination of principles and the practical application of them to the condition of things revealed by statistics. This is the more attractive work and the nobler; but it is less indispensable than the humbler task of the census-taker and the statistician. Rather, perhaps, should it be spoken of as more inevitable; for ideas can no more be avoided than can the change of seasons. But an idea in the wrong place, a notion out of its latitude, a principle inapplicable to the case in hand—these are quite as likely to be hurtful as helpful, while facts and dates never injured anybody undeservedly. Moreover, ideas may be crude and principles can be misunderstood or only half learned, and thence comes much of the mischief in the world; while statistics, however tasteless, can never be poisonous in themselves; it is only when misapplied by imperfect or perverted reasoning that they seem to do harm. Hence, I place as first and most important the collection of facts; next in order comes the combination and application of them.

—F. B. Sanborn on *The Work of Social Science in the United States.*

CURRENCY AND CREDIT.

To the Editor of the Banker's Magazine:

The letter of Mr. John Earl Williams to Senator Sherman, published in the September number of your Magazine, should receive the attention of every thoughtful man in the country. Mr. Williams is one of the most prominent bankers in the United States, and, naturally, wields great influence. If his views are sound, and he should give them the aid of his great experience and energy and thereby keep them before the people, he would do much good; but if, on the contrary, those views are opposed to sound principles of finance, then the evil resulting from his influence would be great; provided his views should be carried out by legislation in Congress. Mr. Williams, as an able banker, should be a better economist; for it is almost inconceivable that a man of his ability and experience, with the opportunity he has had of studying the question of the currency, as connected with banking, should advocate a measure that does violence to the first principle of economic science.

Mr. Williams says that "Congress should assume at once the inherent, sovereign prerogative of a Government, and exercise it by furnishing all the inhabitants of the United States with a uniform currency, and let the people have all the benefit of the income that may inure from such issue." Where does Mr. Williams find this inherent right of the Government to manufacture currency? Certainly not in the Constitution of the United States, for if I read it aright there is no such power conferred on Congress. The Constitution says:

"Congress has power to borrow money on the credit of the United States." "Congress shall have power to coin money and regulate the value thereof." This is all that is said about the power of Congress touching this matter. Nothing is said about Congress having power to print paper and call it money, or have it take the place of money. I think the framers of the Constitution would not for a moment have entertained the idea of the Government going into such a business. It seems to me that it is no part of the duty of the Government to furnish currency for the people, any more than it is to furnish spades or any other tools for their use.

It is the very last thing the Government should be engaged in, for when you strip it of all fine-sounding names, and remove from it all false ideas of economy and savings to the people, you have the monster just as it is; a permanent forced loan from the people; a debt which must continually increase until it shall become uncontrollable, and end in repudiation and bankruptcy.

Mr. Williams seems to forget that currency is only credit—organized or capitalized credit; and that after laws have been passed to regulate this organization of credit, it must be left to the working of natural law. When it is left untrammelled by Government it will obey the law that governs it, and will move through all the channels of trade and perform just the work for which it is intended.

One would suppose that Mr. Williams' experience in banking should have shown him that when the currency is redundant, the banks holding the surplus do not want to place it in Government bonds, or any other kind of bond, but they wish to convert this particular kind of credit into such other credit as may best suit their plans and convenience.

I have not attempted a thorough criticism of Mr. Williams' plan, though there is much that could be said against it. My object is simply to call attention to the foundation idea, the corner-stone of the edifice he proposes to rear, which, if built, would fall, doing great damage.

GEORGE A. BUTLER.

REMARKS.—The records of the Federal Convention of 1787 go to show that our correspondent is correct in imputing to the framers of the Constitution views adverse to the issue of paper money by the United States. Mr. Charles Pinckney's plan of a Federal Government, containing many features which afterward became part of the Constitution, was laid before the Convention. This plan was submitted to the Committee of Detail and reported by them in August. Its sixth article provided that "the Legislature of the United States shall have the power to borrow money *and emit bills* on the credit of the United States." The vigorous debate which followed is given at length in the *Madison Papers*, vol. iii. Such was the opposition to this feature that a motion to strike out the words "and emit bills," was carried by a vote of 9 to 2. A note to the record is added by Mr. Madison in these remarkable words:

> "This vote in the affirmative by Virginia was occasioned by the acquiescence of Mr. Madison, who became satisfied that striking out the words would not disable the Government from the use of public notes as far as they could be safe and proper, and would only cut off the pretext for a *paper currency*, and particularly for making the bills a *tender* either for *public or private debts*."

It is clear that the Federal Convention did not intend to vest in the Government any such powers as those claimed for it in these later days.—[ED. B. M.]

NATIONAL BANKS—THE RIGHT OF SUIT, AND THE LIMITS OF JURISDICTION.

I.—The Commercial Bank of Cleveland vs. *L. G. Simmons, J. A. Thompson, and C. S. Mills.*

U. S. CIRCUIT COURT, NORTHERN DISTRICT OF OHIO.

Opinion of the Court by Judge Welcker.

This suit is brought on two promissory notes, payable to the order of John G. Simmons & Co., and indorsed to the plaintiff.

The petition states that the plaintiff is a corporation existing under the laws of the United States, and does not state that the payee of the notes is not a citizen of Ohio.

The defendants, Thompson and Mills, demur to the petition, and assign three grounds of demurrer:

1st. That it appears on the face of the petition in each of said causes of action that the court has no jurisdiction of the defendants, or either of them, or of the subject of the action.

2d. That the plaintiff and its assignor are both residents of the State of Ohio, and of said district, and have no legal rights to bring suit against the defendants in this court.

3d. For other good and sufficient reason, appearing in the face of the petition.

This demurrer raises two questions:

1st. Whether the plaintiff can sue in this court, being located in the State of Ohio, and in this district.

2d. Whether, under the judiciary act of 1789, and the limitation of the 11th section thereof, the plaintiff can sue in this court upon the promissory notes in petition described, the assignor thereof to the plaintiff being a citizen of the State of Ohio, and of this district.

In order to dispose of the questions made it will be necessary to examine the provision of the act of Congress to provide a national currency, etc., approved June 3d, 1864, under which the plaintiff was organized, and also the act on the same subject, approved in 1863.

The 59th sec. of the act of 25th February, 1863, provides that, "All suits, actions and proceedings, *by* or *against* any association under the act, may be had in any circuit, district or territorial court of the United States held within the district where such association was established."

The 57th sec. of the act of 1864 provides, "that suits, actions and proceedings *against* any association under this act may be held in any circuit, district or territorial court of the United States, held within the district in which said association may be

established; or in any State, county or municipal court in the county or city in which said association is located, having jurisdiction in similar cases."

It is claimed by the defendants that under this section as amended, suit cannot be brought *by* national banks in the State in which they were established; that it only applies to suits *against* such associations. That, it is true, would seem to be the provision of the section.

But the Supreme Court of the United States, in the case of Kennedy *v.* Gibson and Others, 8 Wallace, 498, has given a construction of these two sections that is binding upon this court.

Justice SWAYNE, delivering the opinion of the court, says:

"The 59th section of the act of February 25th, 1863, provides that all suits *by* or *against* such associations may be brought in the proper courts of the United States, or of the State. The 57th section of the act of 1864 relates to the same subject, and revises and enlarges the provisions of the 59th sec. of the preceding act. In the latter, the word *by*, in respect to such suits, is dropped. The omission was doubtless accidental. It is not to be supposed that Congress intended to exclude the association from suing in the courts where they can be sued. The difference in language of the two sections is not such as to warrant the conclusion that it was intended to change the rule prescribed by the act of 1863–4. Such suit may still be brought by the associations in the courts of the United States. If this be not the proper construction, while there is provision for suit *against* the associations, there is more for suits *by* them in any court."

Again, in 10 Wallace, 605, the National Bank of Boston sued a State bank of the same State, in the Circuit Court of Massachusetts, and the action was maintained. This case recognizes the construction given to these sections by Justice Swayne, by entertaining jurisdiction in that case. We may then regard the section as reading *by* or *against* and authorizing suits *by* or *against* these associations. It is claimed also by defendants that the 57th section only provides for suits under or authorized by the act. That is, for liabilities under the act.

This is not tenable. The words "under this act," refer to and apply to associations under the act, as descriptive of the *parties* authorized to sue or be sued, and not liabilities or causes of action.

We now come to the second question made, and one presenting a very important one, and about which there well may be difference of opinion. I have examined it with much care in order to arrive at a correct conclusion, and feel well satisfied at the conclusion to which I have arrived.

Suppose the plaintiff has the right to sue generally in this court, as we have determined, has it the right to sue on promissory notes assigned to it by a resident of the district?

I can find no adjudicated case under the banking law, settling this question. The 11th sec. of the judiciary act of 1789, after stating that Circuit Courts shall have jurisdiction in civil cases, etc.,

"in all cases where the suit is between a citizen of the State where the suit is brought and a citizen of another State," provides, "nor shall any District or Circuit Court have cognizance of any suit to recover the contents of any promissory note or other chose in action, in favor of an assignee, unless a suit might have been prosecuted in such court to recover the said contents, if no assignment had been made, except in cases of foreign bills of exchange."

I find two cases in 9th Wheaton decided by the Supreme Court under a similar question made, which arose under the charter of the Old United States Bank.

In the first case, 9th Wheaton, 740, Osborn *v.* the United States Bank, it is decided that the charter of the bank confers on the bank the right to sue in any Circuit Court of the United States. In delivering the opinion in this case, Chief Justice Marshall says:

"The charter of incorporation not only creates it, but gives it every faculty which it possesses. The power to acquire rights of any description, to transact business of any description, to make contracts of any description, to sue on these contracts, is given and reassured by its charter, and that charter is the law of the United States. This being can acquire no right, make no contracts, bring no suit which is not authorized by a law of the United States." Another case was decided at the same term of the Supreme Court, 9 Wheaton, 905, The United States Bank *v.* The Planters Bank of Georgia. The suit was originally brought by the United States Bank *v.* the defendant, in the Circuit for the District of Georgia, upon notes payable to a citizen of Georgia, and indorsed and transferred to the bank. The defense set up was that the court had no jurisdiction under the 11th section of the judiciary act, or rather the limitation to it.

In delivering the opinion of the court, Chief Justice Marshall says:

"We proceed next to inquire whether the jurisdiction of the court is ousted by the circumstance that the notes on which the suit was instituted were made payable to citizens of the State of Georgia. The words of the judiciary act, section 11, are: (He then quotes the part of the act above quoted, being the limitation, and says): This is a limitation on the jurisdiction conferred by the judiciary act. It was apprehended that bonds and notes given in the usual course of business, by citizens of the same State, to each other, might be assigned to the citizens of another State, and thus render the maker liable to a suit in the Federal Courts. To remove this inconvenience, the act which gives jurisdiction to the courts of the Union, over suits brought by the citizen of one State against the citizen of another, restrains that jurisdiction where the suit is brought by an assignee, to cases where the suit might have been sustained had no assignment been made. But the bank does not sue in virtue of any right conferred by the judiciary act, but in virtue of the right conferred by

its charter. It does not sue because the defendant is a citizen of a different State from any of its members, but because its charter confers upon it the right of suing its debtors in a Circuit Court of the United States.

"There is, consequently, scarcely a debt due to the bank for which a suit could be maintained in a Federal court, did the jurisdiction of the court depend on citizenship. A general power to sue in any circuit court of the United States expressed in laws obviously intended to comprehend every case, would thus be construed to comprehend no case; such a construction can not be the correct one.

"We think, then, that the charter gives to the bank a right to sue in the Circuit Court of the United States without regard to citizenship."

Now let us examine the banking law itself under which the plaintiff was organized. Sec. 8 of the act of 1864 provides that "every association formed pursuant to the provisions of this act, shall, from the date of the execution of its organization certificate, be a body corporate; * * * by such name it may make contracts, sue and be sued, complain and defend in any court of law and equity as fully as natural persons; * * * and exercise under this act all such incidental powers as shall be necessary to carry on the business of banking, by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security," etc.

Then follows in the same act sec. 57, already quoted, providing "that suits, actions, and proceedings BY OR against any association under this act, may be had in any Circuit, District, or Territorial Court of the United States held within the District in which such association may be established."

To ascertain the privileges and powers conferred upon these banking associations, these sections are to be taken and construed together. It seems to me that these privileges and powers, thus given in this act, are as broad and comprehensive as those given to the United States Bank by its charter, and referred to in the case in 9 Wheaton.

It must be borne in mind that, in the judiciary act, the right to sue or be sued mainly depends upon citizenship of the parties, that corporations are only allowed to sue or be sued in the Federal courts under the act, through the legal fiction of citizenship, arising from the presumption that such corporations are citizens of the State under whose laws they are created.

These banking associations, not being created by State laws, have no State citizenship growing out of the presumed residence of the stockholders.

Under the judiciary act, then, they have no power to sue in Federal courts, and must, therefore, derive it from the act creating them. Having no right to sue under that act, the limitation on the 11th sec., as to suits on indorsed notes and choses in ac-

tion, does not apply. The right to sue under that section, and the limitation thereto, go together, the one controlling the other.

If the matter of citizenship in reference to the national banks is dispensed with in favor of such banks, then what reason is there for the application of the limitation as to suits on assigned paper? That limitation is only attached to enforce the privileges of citizenship, and to prevent its abuse in bringing suits in Federal courts; and, further, the banks, in purchasing notes, etc., do only what the law authorizes them to do

I may, then, well say, as was said in the case in Wheaton: That the bank does not sue in virtue of any right conferred by the judiciary act, but in virtue of the right conferred upon it by the act of 1864, authorizing and creating it, and which constitutes its charter.

The charter of the old United States Bank was but a law, as this general act is a law of the United States.

That the judiciary act does not control the right and power of these banks to sue in the Federal courts.

The demurrer to the petition is overruled.

II.—*W. S. Main, Assignee*, v. *Second National Bank of Chicago, in Bankruptcy.*

U. S. District Court, Western District of Wisconsin.

A National bank cannot be sued in the federal courts outside of the district where it is located. Service on the cashier when found within another district does not give jurisdiction.

Motion to dismiss for want of jurisdiction, the defendant being a National bank, located and doing business in the city of Chicago, State of Illinois, and service having been had upon John P. McGregor, the cashier, who was found within the district.

The attorneys for the motion cited Crocker *v.* Marine National Bank of New York, 101 Massachusetts, 240; Cook *v.* State National Bank of Boston, 50 Barbour, 339.

Hopkins, J.—In the argument filed in support of the motion it is claimed that a national bank can not be sued in any court *out* of the judicial district where it is "located" or "established." I do not think the general banking law admits of such an interpretation. The eighth section of the act of June 3, 1864 (13 *U. S. Statutes at Large*, 101), provides that such corporations "may sue and be sued in any court of law and equity as fully as natural persons."

I do not think the provision in the fifty-seventh section of the act restrictive of this general authority, but that it was intended rather to enlarge the operation of the twenty-first section of the

judiciary act of 1789 (1 *U. S. Statutes at Large*, 78), and to confer upon such organizations the right to sue and be sued in the Federal courts in the district where located by a citizen of the same district; and I fully concur with Judge Blatchford's views expressed in his opinions in the Manufacturers' Bank of Chicago *v.* Baack (8 *Blatchford C. C. R.*, 137), that the banks organized under the general banking act of Congress are to be deemed residents or inhabitants of the State and district where they are "located" and "established." The provisions of the act referred to by him are sufficient to warrant that conclusion, and if this were the only point I should have no hesitancy in overruling the motion.

But there is a question arising under the provision of the eleventh section of the judiciary act of 1789, which, as interpreted by numerous decisions of the Federal courts, seems to me to constitute an insuperable objection to the plaintiff's right to prosecute this defendant in this court.

That section provides that "no civil suit shall be brought before either of the courts (Circuit or District) against an inhabitant of the United States, by any original process, *in any other district than that whereof he is an inhabitant, or in which he shall be found at the time of serving the writ.*"

That the defendant was not an "inhabitant" of this district when this suit was commenced, is too plain for discussion. The remaining question is, was the defendant *found* "here at that time?"

The defendant, as before stated, was "located" at Chicago; that was its *habitation;* that does not move around with the person of its officers; the corporation is not migratory. It could not of its own will, and without authority of law, change its location to this State. Therefore, I must hold that this court has no jurisdiction over this defendant; that it was not "found" here within the meaning of that statute. In the case of the Bank of Augusta *v.* Earle (13 *Peters*, 519), the court say, in speaking of locality of corporation: "It must dwell in the place of its creation; it can not migrate to another sovereignty." This, it is true, was said of a State bank, but the same may with equal propriety be said of a National bank. They have a local habitation, an office, and place of business within a State or district as much as a State bank. Justice Nelson, in Day *v.* Newark India-Rubber Manufacturing Co. (1 *Blatchford*, 628), and in Pomeroy *v.* New York & New Haven R. R. Co. (4 *Blatchford*, 120), examined this question very fully, and arrived at the conclusion in both cases, notwithstanding there was a statute of the State of New York authorizing service to be made upon officers of such foreign company within the State, which would give the State courts jurisdiction of the corporations, that the corporations were not "inhabitants" of the State, and were not "found" there because their officers and agents resided or came into that district; that the

officers were not the corporations and the corporations were not therefore *found* within the district.

This is a jurisdictional question, and "State laws can confer no authority on this court in the exercise of its jurisdiction, by the use of State process, to reach either person or property, which it could not reach within the meaning of the law creating it." Toland *v.* Sprague (12 *Peters*, 328).

I do not think the Practice Act of June 1, 1872 (17 *U. S. Statutes at Large*, p. 196), changes the rule. That relates to the practice and proceedings in suits against parties who may be prosecuted in the federal courts, but does not profess to enlarge their jurisdiction or to extend it over persons or cases not before within the cognizance of the court. As said in Toland *v.* Sprague (12 *Peters*, 330), "the acts of Congress adopting the State process, adopt the form and mode of service only so far as the *persons* are rightfully within the *reach* of such process, and did not intend to enlarge the sphere of the jurisdiction of the circuit courts."

I think the same construction should be given to the act of 1872, above mentioned, and so construed it does not relieve the case of the question of the *habitat* of this defendant being without the district, and not therefore subject to the process of this court.

The motion is therefore granted and this suit dismissed.

Liability of Transferrers of Forged Stock Certificates.—In the case of Nathan Matthews against the Massachusetts National Bank, Judge Shepley of the United States Circuit Court, on the 3d September, decided for the plaintiff. The suit was brought by Matthews to make the bank responsible for his loss from accepting from James A. Coe as collateral for a $25,000 loan, a certificate of Boston & Albany Railroad stock fraudulently altered by Coe from 2 shares to 200. The bank had accepted from Coe the certificate, thus altered, as security for the loan, and had again surrendered it to him two years before the transaction with plaintiff, with a transfer in blank on the back, signed by the cashier. The court holds that the cashier had authority to act according to the general usage and course of business conducted by banks. The transfer of certificates of stock held as a collateral was a common transaction with banks. The signature of the cashier was that of the bank. His signature was given for the purpose of transferring the title, and whenever the blank was filled a contract of sale was established between the party who had signed the blank assignment and the person whose name was rightfully filled in as assignee. Mr. Matthews did not know but that the certificate was genuine, and were it any one's business to inquire into that matter, it was that of the bank officers before giving to the fraudulent certificate the appearance of genuineness through their signature. The bank erred in placing confidence in Coe to obtain the transfer of stock from the railroad company, instead of taking the certificate directly from the company. They rendered themselves still more liable by delivering to Coe, for transfer, a forged instrument, authenticated by their signature in blank; thus giving it a currency and a negotiability which it would not have possessed had they made the transfer directly to Coe. Thus the bank put it in the power of Coe to commit the fraud upon Matthews on which this suit was founded. The conclusion is that the bank is precluded from setting up forgery as a defense, and the plaintiff is entitled to judgment.

LEGAL MISCELLANY.

Abstract of Recent Decisions of the N. Y. Court of Appeals.

From the Albany Law Journal.

Draft—Express Company.

This action was brought to recover back the amount paid defendant's company upon a draft drawn upon plaintiffs, which had been taken from the post-office by some person other than the payee, the indorsement of the payee forged thereon, and the same delivered to defendant's company for collection. Plaintiffs paid the draft upon presentation. It was not disclosed to them at the time that the express company was acting as agent. *Held*, (Reynolds, C., dissenting) that the express company was liable.

To shield itself from liability defendant should have disclosed its agency, notwithstanding the fact that it is the general business of express companies to act as agents for others. Reynolds, C., dissenting.

The drawee of a draft is supposed to know the signature of the drawer; but he is not supposed to have the same knowledge of the signature of an indorser, and by acceptance and payment he does not admit or guaranty the genuineness of the indorsement by the payee. Holt *et al. v.* Ross. Opinion by Earl and Reynolds, CC.

Partnership—Check.

This action was brought to recover the amount of a check for $156, signed with the firm name of a former co-partnership, composed of defendants. It appeared that the firm of M. & G., the defendants, were owing H. $156. H. owed G. $120. G. paid the firm's indebtedness by receipting his own account and paying the balance in money. He then drew the check of the firm for $156, which he subsequently transferred to plaintiff without the knowledge or assent of M., in payment of his individual debt. This action was brought after the dissolution of the firm. The court charged the jury that, to enable plaintiff to recover, the check must have passed to him before the dissolution of the firm. *Held*, no error, as after the dissolution G. could not make valid an instrument previously signed, creating a liability against the firm.

Also *held*, that plaintiff could not recover, as the assignee of G.'s claim against his co-partner, growing out of his settlement with H., as it was not in the power of G. to separate his claim and thus subject his co-partner to several actions with different persons, but all must go into the general account between the partners.

The signing of a check does not give it vitality, and it does not become operative until transferred to some third person. The fact that it is signed by one member of a firm, in the partnership name, does not affect this rule; he signs and holds it as the representative of the firm, and no act of his will give it validity in his own hands, and for legal purposes it will be deemed to be signed when it is transferred to a third party. Gale *v.* Miller, impleaded, etc. Opinion by Johnson, C.

Stock-Brokers' Contract.

This action was brought against defendants, as stock-brokers, to recover damages upon the sale of certain stocks. Defendants had purchased these stocks for plaintiff under an agreement, by which she was to furnish a specified margin as security, and keep the same good when called upon; if she failed to comply with such demand, defendants were authorized to close the account by purchase, or at public or private sale, without notice. Plaintiff's margin was reduced below the amount required, and defendants sold the stocks without notice and without making a call or demand for further security, or a tender of the certificates and demand of payment therefor. After the sale, defendants made up and presented to plaintiff an account crediting the stocks at the prices for which they were sold, and showing a balance due them which they demanded. Plaintiff complained of the sale, but upon defendants threatening to sell other securities they held belonging to her, and which she needed for use, she paid the account. *Held*, that there existed between the parties the relation of pledgor and pledgee; that defendants' sale of the stocks was unauthorized and wrongful, and that they were liable.

Also *held*, that the payment of defendants' account by plaintiff was not an assent or acquiescence in the account or sale, and that plaintiff was not concluded thereby as a voluntary payment. That in order to make an account stated, there must be a mutual agreement between the parties as to the allowance or disallowance of their respective claims; and to establish such an account, so as to preclude a party from impeaching it, save for fraud or mistake, his assent to the account as rendered must be proved either express or implied from failure to object within a reasonable time after presentation.

Payment of a claim for the sole purpose of releasing property held in pledge by the claimant, and which he refuses to surrender without such payment, is not a voluntary payment, and does not preclude the pledgee from questioning the claim. Stenton *v.* Jerome *et al.* Opinions by Earl and Reynolds, CC.

FOREIGN TRADE OF THE UNITED STATES

For the Fiscal Year 1873–4.

A report just issued by the Bureau of Statistics states the foreign commerce of the United States for the fiscal year as follows:

Periods.	*Imports.*	*Domestic Exports (specie values).*	*Foreign Exports.*
Month ended June 30, 1874	$49,302,334	$52,250,109	$1,959,926
Month ended June 30, 1873	49,420,791	46,215,053	3,149,101
Twelve months ended June 30, 1874	595,861,248	629,252,153	23,780,338
Twelve months ended June 30, 1873	663,617,147	578,938,985	28,149,511

Of the total imports and exports for the fiscal years 1874 and 1873, the following values consisted of specie and bullion and of merchandise, respectively:

1874.	*Imports.*	*Domestic Exports (specie values).*	*Foreign Exports.*
Specie and bullion	$28,454,906	$59,699,686	$6,930,719
Merchandise	567,406,342	569,522,470*	16,849,619
1873.			
Specie and bullion	21,480,937	73,905,546	10,703,028
Merchandise	642,136,210	505,033,439	17,446,483

Allowing for the differences in the warehouse account, the exports for the fiscal year 1874 exceed the imports by $39,293,021, while for 1873 there is an excess of imports over exports of $101,155,939.

Of the total trade for the fiscal years 1874 and 1873, the following values were carried in cars and other land vehicles, and in American and foreign vessels, respectively:

1874.	*Imports.*	*Domestic Exports (specie values).*	*Foreign Exports.*
Land vehicles	$14,513,335	$5,645,265	$2,863,940
American vessels	176,027,778	166,107,880	8,425,336
Foreign vessels	405,320,135	521,394,909	12,491,062
1873.			
Land vehicles	17,070,548	7,785,075	3,014,335
American vessels	174,739,854	163,110,634	8,456,124
Foreign vessels	471,806,765	478,236,854	16,679,052

In the fiscal year ended June 30, 1874, 72.9 per cent. of the total trade by water was transported in foreign vessels, and 73.6 per cent. in 1873.

The number and tonnage of vessels engaged in the foreign trade which entered into and cleared from the ports of the United States during the fiscal years ended June 30, 1874 and 1873, were as follows:

	Entered.		*Cleared.*	
1874.	*No.*	*Tons.*	*No.*	*Tons.*
American vessels	11,949	3,893,725	12,187	3,982,052
Foreign vessels	20,398	9,196,460	20,571	9,206,027
Total	32,347	13,090,185	32,758	13,188,079
1873.				
American vessels	11,266	3,612,631	11,573	3,764,500
Foreign vessels	20,381	8,083,086	20,493	8,065,132
Total	31,647	11,695,717	32,066	11,829,632

* The returns of exports to Canada will, when corrected, increase the aggregate several millions of dollars for the year 1874.

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PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements (cents omitted).

Debt Bearing Interest in Coin.

	August 1, 1874.		*Sept.* 1, 1874.
Bonds at six per cent....................	$ 1,213,228,050	..	$ 1,213,228,050
Bonds at five per cent...................	511,025,200	..	511,025,200
	$ 1,724,253,250	..	$ 1,724,253,250

Debt Bearing Interest in Lawful Money.

Certificates indebtedness at 4 per cent....	678,000	..	678,000
Navy pension fund at 3 per cent.........	14,000,000	..	14,000,000
	$ 14,678,000	..	$ 14,678,000
Debt on which interest has ceased.....	2,740,830	..	2,578,440

Debt Bearing no Interest.

Old demand and legal-tender notes.......	$ 382,076,707	..	$ 382,076,697
Certificates of deposit..................	55,955,000	..	58,690,000
Fractional currency.....................	45,719,793	..	45,797,675
Coin certificates.......................	33,469,000	..	29,141,200
	$ 517,220,500		$ 515,705,573
Total debt..............................	$ 2,258,892,580	..	$ 2,257,215,263
Interest	26,894,238	..	29,356,511
Total debt, principal and interest.........	$ 2,285,786,818	..	$ 2,286,571,775

Cash in the Treasury.

Coin	$ 71,113,211	..	$ 71,083,928
Currency	16,913,233	..	16,619,232
Special deposit held for redemption of certificates of deposit, as provided by law .	55,955,000	..	58,690,000
	$ 143,981,444	..	$ 146,393,160
Debt, less cash in the Treasury, Aug. 1, '74	$ 2,141,805,375	..	
Debt, less cash " " Sept. 1, '74		..	$ 2,140,178,614
Decrease of debt during the past month..	$ 1,282,866	..	$ 1,626,760
Decrease of debt since June 30, 1874....	1,282,866	..	2,909,626

Bonds Issued to the Pacific Railway Companies, Interest Payable in Lawful Money.

Principal outstanding....................	$ 64,623,512	..	$ 64,623,512
Interest accrued and not yet paid........	323,117	..	646,235
Interest paid by the United States.......	$ 24,325,396	..	24,325,396
Interest repaid by transportation of mails, &c.	5,331,289	..	5,388,692
Balance of interest paid by the U. S......	18,994,107	..	18,936,704

[For comparison with previous periods see Banker's Magazine for August, page 136.]

BANKING AND FINANCIAL ITEMS.

NEW BANKS.—The monthly list of new Banks and Banking Firms, given on page 322 of the present number, comprises no fewer than ninety names. To collect this information from various sources entails an amount of labor and expense which we cheerfully devote to this object, but which would still be inadequate without the many courtesies of our subscribers and correspondents. We desire to express our thanks for these attentions, which are always cordially appreciated; and to suggest to our readers in every part of the country the value to the entire Banking community of promptly imparting to them through this office, accurate information of all changes which may occur among Banks or Bankers.

THE REDEMPTION OF NATIONAL BANK NOTES.—The Treasurer of the United States has issued the subjoined circular, dated Washington, Sept. 14:

"The act approved June 20, 1874, entitled 'An act fixing the amount of United States notes, providing for a redistribution of the National Bank currency, and for other purposes,' requires the Treasurer of the United States to notify each National Bank on the first of each month, or oftener, of the amount of its circulating notes redeemed by him under that act, and whenever the redemptions for any bank shall amount to the sum of $500 to notify it to deposit with him an equal amount in United States notes. The great amount of work suddenly thrown upon this office by the act, which went into effect immediately upon its passage, and the inability to obtain at once experienced counters and assorters, and proper rooms, furniture, books, and blanks, for its transaction, have rendered it impracticable to comply with these requirements. With the greatest exertions it has been found impossible to assort enough of the redeemed National Bank notes to enable the Treasurer to make calls upon the banks for United States notes to reimburse him for their notes redeemed, in sufficient amounts to prevent the exhaustion of the five per cent. fund. The Treasurer is therefore compelled to ask the several National Banks to make an additional deposit with him of United States notes equal to five per centum of their circulation to enable him to continue the redemption of their notes, pending the assortment of the notes already redeemed."

The United States notes may be sent to the Treasurer under the contract of the Treasury Department with Adams Express Company, and under the same regulations as are prescribed for the forwarding of notes and currency of the United States for redemption. The expenses of the transportation will be paid by the Department, which will be reimbursed therefor. If any bank shall prefer, it may forward the required amount by its draft on New York, Boston, or Philadelphia, drawn to the order of the Treasurer of the United States, and payable in United States notes. Acknowledgment will be made to each bank for its deposit when completed, by a remittance to it of a certificate in proper form. United States notes unfit for circulation will be accepted in payment of the additional five per cent. deposit. As rapidly as the notes of banks making the additional deposit shall be assorted their amount will be charged against the deposit and the banks informed. Compliance with this request is optional with the National banks, but it is hoped that a prompt and general response will be made to it. It is with great reluctance that this course has been decided upon, and strenuous exertions have been made to prevent it from becoming necessary; but it now seems impossible to prevent an interruption in the redemption of National bank notes unless further deposit of United States notes shall be made. Instructions for forwarding United States notes are then given in detail.

REDEMPTION SUSPENDED.—The United States Treasurer has now given notice that in consequence of the exhaustion of the five per cent. fund and the failure of the National banks to make a prompt and general response to the request for an additional deposit of five per cent. of their circulation, it has become necessary to stop the redemption of National bank notes for a short time. Remittances of bank-notes which are now in transit will be counted and paid for, but those remitted after September 19th will be held until notice is given of the resumption of redemptions. Meanwhile the whole force of the agency will be employed on the assortment of the notes already redeemed, in order to enable it to make calls upon the banks to reimburse the Treasury for their redemption. It is hoped that redemptions will be resumed within two or three weeks. The cessation of redemptions (it is further said) need not prevent compliance with the call for the additional five per cent. deposit. The larger the amount of legal tenders deposited under the call, the sooner the agency will be enabled to resume redemptions. There seems to be some misunderstanding as to the operation of the additional call. The deposits made under the call will be treated simply as an advance from the banks to re-imburse the Treasury for their notes redeemed, but not yet assorted. As fast as the notes shall be assorted, their amount will be charged against the additional deposit, and no request for re-imbursement will be made upon the banks making the deposit until it shall be exhausted.

IMPORTANT BANKRUPTCY DECISION.—Judge Blatchford of this city gave on Sept. 2d a decision to the effect that when the assets of a bankrupt fail to reach fifty per cent. of the claims proved against the estate, he cannot have a discharge unless by the consent of the majority in number and value of his creditors. This is in accordance with the provision of the act of 1868, which the court holds has not been modified by subsequent legislation.

AN HONORABLE EXAMPLE.—During the panic of September, 1873, Messrs. A. M. Kidder & Co., bankers of Wall-st., were compelled to suspend for the time being. Two days after the re-opening of the Stock Exchange, in the same month, they resumed business, having settled with their creditors on the basis of 33⅓ per cent. Before the close of 1873 this was increased to 50 per cent; and now of their own free will they have paid in full the remaining 50 per cent. of the original indebtedness. As they were under no legal obligation to make this settlement, an action so honorable deserves special mention.

DANGEROUS COUNTERFEIT.—A counterfeit twenty-dollar note of the Merchants' National Bank of New York was discovered at the Treasury Department recently, among the National bank currency sent there for redemption. This counterfeit is so well executed that it passed undiscovered through the hands of several counters, and was at last detected by a lady counter.

MR. SELAH VAN DUZER, formerly President of the New York National Exchange Bank, died on September 21st, at his home in Carmel, Putnam County, New York, in the seventy-eighth year of his age. The organization of the bank was mainly due to the efforts of Mr. Van Duzer. He continued at its head till 1870, then retiring from business.

DONATION.—The Bank Clerks' Mutual Benefit Association of New York has received from William Miles, President of the Sixpenny Savings Bank, the deed of a plot of ground in Cypress Hill Cemetery.

ARKANSAS.—The Constitutional Convention, which met at Little Rock in August, struck out of the finance report a section which prohibited the Legislature from ever providing for the payment of the State levee bonds, railroad bonds, and the Halford bonds, in all about $11,000,000. This was a test vote on repudiation and a timely defeat of that iniquity.

Little Rock.—Major J. W. Smith having resigned the cashiership of the Merchants' National Bank, the directors have elected as his successor Mr. Lucien W. Coy, long connected with that institution. Mr. Coy has for some years filled important positions in the State, and has always so conducted affairs under his control as to have gained a high reputation as a careful and reliable business man.

DISTRICT OF COLUMBIA.—Correspondents seeking prompt attention to their Washington collections, are referred to the card of Messrs. H. E. OFFLEY & Co. Other bankers speak very highly of their efficiency in this department.

THE FREEDMEN'S SAVINGS BANK.—At a meeting of depositors of the Philadelphia branch of this Company, held there on September 8th, Robert Perves, one of the commissioners appointed by the trustees, said that the bank could realize 85 per cent. upon its securities immediately, and the balance within a few months.

An adjourned meeting was held on the 15th, when resolutions were adopted denouncing the act of the trustees in placing the institution in the hands of the Commissioners to wind it up; demanding the re-establishment of the company, and petitioning Congress for the restoration of the charter. Messrs. Robert Jones, Samuel P. Smith, and W. H. Hunter, were appointed a committee to confer with the Commissioners.

The Commissioners of the Freedmen's Savings and Trust Company at Washington, say that they can make no statement yet in detail for which they are willing to be held responsible. They have not arrived at accurate results either as to the indebtedness or assets of the institution.

ILLINOIS.—A new bank has been established at East St. Louis, by Messrs. Newman, Allen & Co., called the East St. Louis Stock-Yard Bank. Their New York correspondents are Messrs. Donnell, Lawson & Co.

KANSAS.—Mr. Albert Hadley, for eight years Assistant-Cashier of the National Bank of Lawrence, Kansas, has been elected Cashier of the Lawrence Savings Bank, that position having been made vacant by the resignation of C. S. Treadway.

LOUISIANA.—The Citizens' Bank of New Orleans, the oldest banking institution in that city, and one of the oldest in the United States, suspended on September 2d, and has since gone into bankruptcy. The *Picayune* gives the following details:

Since the war the banking department has been carrying a debt due by the mortgage department of $1,000,000, and the latter has been growing weaker with the depression in real estate.

The banking department also lost heavily of late by operations in foreign exchange and the Shute affair. Its runner was robbed of $60,000 in cash. The acceptance of the Fiscal Agency of the State and loans upon State securities injured the standing of the bank. When the Crescent City Bank suspended, its portfolio was discounted by the Citizens' Bank to the extent of $100,000. This has been tied up in litigation ever since.

Of late, however, its affairs seemed to improve. The $2,000,000 bonds of the mortgage department held in Germany and falling due in June were about to be extended for ten years; at least, arrangements were making for that purpose, with strong hopes of success. The friends of the bank were much encouraged, and confidence in it was increasing, when the defalcation of $43,000 by Delery, the cashier, came to light about ten days since.

It seems now that this defalcation was of two years' standing, but had been concealed by false entries on the books. The discovery of this swept away the confidence which was beginning to be renewed, a run upon the bank was commenced, and the deposits from $800,000 were quickly reduced to $230,000, when the cash gave out. Of this all but about $75,000 is due to foreign banks and bankers. It transpires also that the President never called upon the Clearing-House for assistance, which would have been promptly given.

A trifling amount of currency would have averted suspension, and could have been obtained. In the evening there was a meeting of the Clearing-House, and a committee was appointed to look into the condition of the Citizens' Bank, and report its status as early as possible. It was stated that enough was shown to guarantee the solvency of the bank.

The balance due depositors is $270,000. The Clearing-House statement on Friday showed for the bank: liabilities, $749,235.71; assets, $2,182,881.92. Of the assets, however, $1,128,773.37 consisted of items outside of portfolio.

MICHIGAN.—Frederick L. Seitz, banker of Detroit, has suspended, having been embarrassed ever since the panic of a year ago. His liabilities are $231,000, of which $30,000 is due depositors. The assets are nominally $200,000, including a large number of shares of Emma Hill mining stock.

NEW HAMPSHIRE.—A recently passed law requires that of every corporation existing by virtue of the laws of New Hampshire, or heretofore created thereby, and having stockholders resident in the State, at least one director shall be an actual inhabitant of that State. This law must be complied with by every such corporation at its next annual meeting.

RESUMPTION.—The Mechanics' Savings Bank of Nashua has resumed business. The Bank Commissioners, under a recent act of the Legislature, have reduced the depositors' accounts 15 per cent., to correspond with the depreciated securities, which is considered by the officers to be more than enough to cover all possible loss. Depositors are to be credited with whatever is realized from the securities, and new accounts will be kept special from the old.

OHIO.—About five hundred citizens of Cincinnati have signed a pledge that they will support no one for Congress who is not for the prohibition of any increase of irredeemable paper currency, and the speediest possible return by the Government to hard money.

LOOSE PRACTICE.—The Cincinnati Chamber of Commerce has expelled F. W. Heckert, freight agent of the Baltimore & Ohio Railroad, and the company has dismissed him, for giving to John Cinnamon, a lard broker, bills of lading when the goods described therein had not been shipped. It does not appear that fraud was intended.

PENNYSYLVANIA.—THE CENTENNIAL.—At a meeting of the Board of Bank Presidents, of Philadelphia, held on September 7th, resolutions were submitted and referred to a committee for consideration, providing "that all National and other banks, and all the other bankers in the United States, be invited to send representatives to a meeting to be held at Philadelphia, to form an association for collecting, classifying and exhibiting, in a suitable department of the Centennial Buildings, specimens of the coins and paper money of the American colonies, of the United States, and of all the States, from the earliest settlement of the country to the date of the exhibition, together with such statistics of banking and finance generally, as will make that department attractive." The Controller of the Currency, Secretary of the Treasury, Director of the Mint, and other Government officials have signified their approval of the proposition contained in the resolution.

JAY COOKE & CO.—Mr. E. M. Lewis, trustee in bankruptcy of Jay Cooke & Co., has filed with the Register a detailed statement of 298 items of receipts and 409 items of expenditure. The total receipts shown are $1,043,951 11, and the total expenditures $293,395 73, leaving a balance of $750,555 38 in the hands of the trustee on September 19th.

Honesdale.—Mr. STEPHEN D. WARD, Cashier of the Honesdale National Bank, died suddenly on the morning of September 14th, having left his desk at the bank but a few moments before. Mr. Ward entered the Honesdale bank as a clerk in January, 1839, and became its cashier in October, 1842, faithfully serving the bank and the community for over thirty-five years. This devotion to business did not interfere with the higher duties of life, and during a long residence in Honesdale, Mr. Ward won an enviable reputation, and a wide circle of friends. He was recognized as a man of unusual intelligence, extensive information, and superior judgment; and these qualities, united to unsullied integrity and high moral and religious principles, gained for him general confidence and esteem.

UNSTAMPED CHECKS.—The Pittsburg *Commercial* states that a Government official is traversing the country making inspection of the canceled checks of the various banks, in order to ascertain whether the law requiring a two-cent stamp to be placed upon every draft and check paid has been uniformly obeyed. The official is said to be reaping quite a harvest for the Treasury in fines, and the bankers in that vicinity are reported as conducting themselves with remarkable circumspection in this particular.

Bold Bank Robbery.—At Wellsborough, Penn., early on the morning of September 17th, five masked men effected an entrance into the residence of Mr. John L. Robinson, President of the First National Bank, and gagged and bound the occupants, President Robinson, Cashier E. H. Robinson, Mrs. Robinson, and Mrs. Smith. They then compelled the Cashier to accompany them to the bank and throw open the vaults, when they helped themselves to about $50,000, principally in currency. A reward of $5,000 is offered for their arrest, or $1,000 for either. The bank has a large surplus and is solvent.

Cosgrove, one of the Wellbsorough bank robbers, was arrested on September 20th, at Waverly, N. Y. One thousand dollars was found in his possession, and $12,000 in bonds and money, together with the watch of Mr. Robinson, the Cashier, were found secreted in the house. Cosgrove is a noted character, and is supposed to have been one of the robbers of the First National Bank of Athens, N. Y., in October, 1873.

Texas.—The Waco National Bank has been organized at Waco, McLennan County, by Messrs. Fort & Jackson, bankers of that place. Their capital is to be $100,000 paid up, with authority to increase to $150,000; Mr. William A. Fort is to be President and Mr. George W. Jackson (formerly Cashier of the First National Bank of Gallipolis, Ohio) is the Cashier. The many friends of the latter gentleman will be glad to know that his experience and ability are finding a still wider field for prosperous effort.

Attempted Robbery.—On the night of September 17th the outer door of the safe of the National Bank of Newbury, at Wells River, Vermont, was blown open by burglars. The people in the neighborhood were aroused by the explosion, and the robbers fled, leaving untouched a large amount of money in the safe.

Wisconsin.—The *Racine Journal* announces the death of Hon. George C. Northrop in that city, July 15, of jaundice, at the age of fifty-five years. Mr. Northrop had been long and prominently identified with the banking interests of Racine. He was one of the originators of the Racine County Bank, and was for many years its cashier. He was twice elected to the office of Mayor, and afterwards represented the city in the Legislature. Among other public duties Mr. Northrop was at one time Superintendent of the Public Schools, and devoted much time to their improvement and welfare. The *Journal* speaks of him as a man of fine scholarship; a constant reader; a lover and promoter of the fine arts, and a near friend of some of the best and wisest men who have made their homes in Racine. As a mark of respect to his memory the Directors of the Manufacturers' National Bank closed the doors of their institution during the afternoon of his funeral.

Canada.—A new bank has been organized at Toronto, called the Federal Bank of Canada, with a capital of $1,000,000. Mr. S. Nordheimer is President; Mr. William Alexander, Vice-President; and Mr. H. S. Strathy, Cashier. The latter gentleman was formerly Cashier of the Canadian Bank of Commerce. Branches are established at Simcoe, H. Groff being Manager; and at London, Charles Murray, Manager.

Wanted.—The following-named back numbers of the Banker's Magazine:

1846—July to December; 1847—January to December; 1848—January to December; 1849—January to December; 1850—January and June to December; 1851—January, March, May, June, and August to December; 1852—January, March, and April to December; 1855—August to December; 1856—November; 1857—January; 1858—February, April, May, June, July, September, October, November; 1860—September, October, November; 1861—January, April, and May; 1862—December; 1864—January, February, March, April, June, July, and August; 1865—March and December.

Full Subscription Price will be paid at this office for many of the above, and at least thirty-five cents for others if delivered at once.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized Aug. 17 to Sept. 17, 1874.

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2170	First National Bank, Streator, ILL.	Thomas Dunaway; James G. Wilson	$50,000	$35,000
2171	Third National Bank, Louisville, KY.	S. Ullman; E. C. Bohné	200,000	200,000
2172	Athol National Bank, Athol, MASS.	Thomas H. Goodspeed; Charles A. Chapman	100,000	52,350
2173	National Bank of Salem, Salem, IND.	Andrew J. Parker; James Baynes	50,000	50,000
2174	First Nat. Bank of Florida, Jacksonville, FLOR.	T. W. C. Moore; Jas. M. Shoemaker	50,000	37,500
2175	First Nat. Bank of Fairfield, Fairfield, MAINE	Henry Kelley; Elbridge G. Pratt	50,000	30,000
2176	Union Nat. Bk. of Streator, Streator, ILL.	Samuel Plumb; Geo. L. Richards	50,000	50,000
2177	First Nat. B. of Cedar Falls, Cedar Falls, IOWA	W. M. Fields; Charles J. Fields	100,000	65,000
2178	First Nat. Bank of Spencer, Spencer, IND.	Levi Beem; David E. Beem	100,000	50,000
2179	First N.B. of Colorado Sp'gs, Colorado Sp's, COL.	F. L. Martin; William. B. Young	50,000	35,000
2180	People's Nat. B. of Princeton, Princeton, IND.	William L. Evans; William L. Dorsey	50,000	30,000
2181	Centreville N.B. of Thurman, Centreville, OHIO	Luther M. Beman; Rufus P. Porter	50,000	50,000
2182	First National Bank, Lisbon, IOWA	Harrison Stuckslager; Godlieb Auracher	50,000	30,000
2183	First National Bank, Crown Point, IND.	James Burge; A. E. Bundy	50,000	35,000
2184	First National Bank, La Grange, IND.	John S. Merritt; R. S. Hubbard	50,000	35,000
2185	Mount Sterling Nat. Bank, Mount Sterling, KY.	William Stofer; Thos. H. Summers	50,000	38,000
2186	Citizens' National Bank, Romeo, MICH.	Edwin W. Giddings; Samuel A. Reade	50,000	35,000
2187	People's National Bank, Independence, IOWA	E. Ross; J. F. Coy	50,000	33,830

TOWN BONDS CONTESTED.—The Delaware (N. Y.) *Gazette* says:—

The town of Hancock in this county has already commenced several suits against the holders of the bonds, to cancel the town bonds issued in aid of the New York & Oswego Midland Railroad. Several are pending in the State Courts and also in the United States Circuit Court. Eminent counsel are employed, to wit: ex-Judge E. More of New York city, and ex-Judge C. Mason of Hamilton. Both these counsel, we understand, give it as their opinion, after careful examination, that the bonds are void and cannot be collected.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from September No., page 242.)

SEPTEMBER, 1874.

☞ Banks are requested to furnish prompt notice of any future changes.

Name of Bank.	*Elected.*	*In place of*
Ninth National Bank, N. Y. City.	John T. Hill, *Prest*......	Thos. A. Vyse, Jr.
Georgetown Savings Bank, D.C..	H. W. Barrett, *Cash*.....	James Dickson.
Georgia Bg. & Tr. Co., Atlanta, GA.	V. R. Tommey, *Prest*....	Miles G. Dobbins.
Merchants' N. B., New Albany, IND.	Seth Woodruff, *Cash*.....	James R. Shields.
Citizens' State B., New Castle, "	D. W. Kinsey, "	Wm. C. Murphy.
Simpson's Bank, Lawrence, KAN.	Albert Hadley, "	C. S. Treadway.
Deposit Nat. Bank, Deposit, N.Y.	Chas. J. Knapp, "	James H. Knapp.
B. of Brandywine, Westchester, PA.	W. J. Dingee, *Asst.-Cash*.	C. S. Bradford, Jr., *C*.

THE PREMIUM ON GOLD AT NEW YORK,

AUGUST AND SEPTEMBER, 1874.

(Continued from September Number, page 244.)

1874.	*Lowest.*	*Highest.*		*Lowest.*	*Highest.*		*Lowest.*	*Highest.*
January ..	10⅛	12½	..Aug. 31 ..	9¾	9⅞	..Sept. 14...	9⅜	9½
February .	11⅜	13	..Sept. 1 ...	9⅝	9¾	.. 15...	9½	9⅞
March ...	11¼	13⅝	.. 2 ...	9¾	9⅞	.. 16...	9¾	10⅛
April	11¾	14⅜	.. 3 ...	9¾	10	.. 17...	9¾	10
May	11⅞	13⅛	.. 4 ...	9¾	9⅞	.. 18...	9⅝	9¾
June	10½	12¼	.. 5 ..	9¾	9⅞	.. 19...	9⅝	9⅝
July......	9	10⅞						
August...	9¼	10¼	.. 7 ...	9¾	9¾	.. 21...	9½	9⅝
			.. 8 ...	9⅝	9¾	.. 22...	9½	9⅝
Aug. 26..	9⅝	9¾	... 9 ...	9¾	9⅞	.. 23...	9⅝	9¾
27..	9⅝	9¾	.. 10 ...	9¾	9¾	.. 24...	9½	9⅝
28..	9¾	9¾	.. 11 ...	9½	9¾			
29..	9⅝	9¾	.. 12 ...	9⅜	9½			

FORGERS BAFFLED.—An attempt to issue forged Treasury notes of the Bank of Brazil has just failed here. An engraver who was applied to to execute the plates accepted the job, but communicated with the police, and when the parties came to receive them they were given into custody. Two men have now been tried, and one condemned to a long term of imprisonment. The prime mover of the conspiracy has been arrested in Portugal, where he awaits his trial.—*London Economist, August 29th.*

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from September Number, page 241.)

☞ Additions for this list are solicited from the subscribers to this work.

NEW YORK CITY.

Groesbeck & Kitchen, 18 Wall St. Wheeler & Thomas, 13 Broad St.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Tucson, ARIZONA....	M. J. Jacobs & Co.	Wells, Fargo & Co.
Iowa City, CAL.	J. W. Chinn	Wells, Fargo & Co.
Denver, COL.	German Bank	Chemical National Bank.
Colorado Springs, " .	First National Bank.......	....
Jacksonville, FLORIDA	First National Bank.......	....
Cuthbert, GEORGIA..	John McKenzie Gunn	Tuttle & Wakefield.
Covington, " ..	Benjamin W. Robson	Duncan, Sherman & Co.
Greensboro', " ..	C. A. Davis & Son.........	Importers & Traders' N. B.
Madison, " ..	G. B. Stovall..............	National Park Bank.
Aledo, ILL..	McKinney, Gilmore & Co...	Metropolitan National Bank.
East St. Louis, " .	E. St. Louis Stock Yards Bank	Donnell, Lawson & Co.
Earlville, " .	William Wilson & Co.......	Bank of North America.
Gibson City, " .	M. T. Burwell	Gilman, Son & Co.
Hutsonville, " .	Preston, Lake & Co........	W. R. Preston & Co.
Momence, " .	Worcester & Brayton.......	Dry Goods Bank.
Piper City, " .	Chas. Montelius & Son.....	German-American Bank.
Polo, " .	Barber & Trumbauer.......	Duncan, Sherman & Co.
Pleasant Plains, " .	Hamilton, Beekman & Co...	Nat. Shoe & Leather Bank.
Streator, " .	First National Bank........	....
" " .	Union National Bank	First National Bank.
Brazil, IND...	R. M. Wingate	Henry Clews & Co.
Crown Point, " ..	First National Bank........	....
La Grange, " ..	First National Bank........	....
Princeton, " ..	People's National Bank	....
Salem, " ..	National Bank of Salem	Third National Bank.
Spencer, " ..	First National Bank........	....
Wolcottville, " ..	L. L. Wildman............	Henry Clews & Co.
Cedar Falls, IOWA..	First National Bank........	....
Corydon, " ..	Wayne County Bank	Corbin Banking Co.
Des Moines, " ..	Iowa State Savings Bank ...	None.
Independence, " ..	People's National Bank	....
Lisbon, " ..	First National Bank........	....
Maquoketa, " ..	Exchange Bank............	Allen, Stephens & Co.
Oskaloosa, " ..	Frankel, Bach & Co........	Kuhn, Loeb & Co.
Stuart, " ..	Exchange Bank	Allen, Stephens & Co.
Columbus, KAN...	Hobart & Middaugh.......	Corbin Banking Co.
Great Bend, " ..	Benton Co. Savings Bank...	Ninth National Bank.
Oskaloosa, " ..	F. M. Johnson	Hanover National Bank.
Topeka, " ..	National Loan & Trust Co. .	Donnell, Lawson & Co.
" " ..	State National Bank.......	Donnell, Lawson & Co.
" " ..	J. P. Ennis & Co...........	Winslow, Lanier & Co.
Wyandotte, " ..	Northrup & Son	Donnell, Lawson & Co.

Louisville, Ky.....	Third National Bank.......	German-American Bank.
Bardstown, "	Wilson & Muir	Ninth National Bank.
Mt. Sterling, "	Mt. Sterling National Bank.	....
Owingsville, "	Exchange & Deposit Bank..	First Nat. Bk., Cincinnati.
Fairfield, Maine	First National Bank........	....
Athol, Mass.	Athol National Bank.......	....
Bay City, Mich....	Collection Bank of Bay City.	None.
Blissfield, " ...	Carpenter, Gilmore & Co...	Allen, Stephens & Co.
Fowlerville, " ...	Gay & Ellsworth...........	Metropolitan National Bank.
Litchfield, " ...	Litchfield Bank............	Henry Clews & Co.
Manistee, " ...	Lumbermen's Bank	None.
Menominee, " .	Menominee Bank..........	Duncan, Sherman & Co.
Romeo, " ...	Citizens' National Bank	....
Appleton City, Mo..	F. Egger & Co............	Hanover National Bank.
Marshall, " .	Wood & Huston...........	Kountze Brothers.
Montgomery City," .	Montgomery Co. Bank	None.
Rockport, " .	Durfee & Wyatt	Donnell, Lawson & Co.
Silver City, N. Mex..	H. M. Porter	Kountze Brothers.
Bloomington, Neb. ..	Worthing, Sheppard & Co...	Saunders & Hardenberg.
Buffalo, N. Y....	Moses, Smith & Co........	Meeker, Worden & Co.
Gowanda, " ...	Lemuel S. Jenks...........	None.
Lyons, " ...	Union Bank.....	First National Bank.
Williamstown, " ...	Steele & Morss............	Ninth National Bank.
Newbern, N. C......	R. H. Rountree & Co.	....
Centreville, Ohio....	Centreville N. B. of Thurman	....
Chagrin Falls,"	T. W. & M. V. Scott	Importers & Traders' N. B.
Leetonia, "	Citizens' Bank.............	Pittsb'gh N. B. of Commerce.
Kent, "	Kent Sav. & Loan Associat'n	Importers & Traders' N. B.
Millersburg, Ohio...	Exchange Bank............	Importers & Traders' N. B.
Urichsville, " ...	George Johnston...........	Merchants' National Bank.
Philadelphia, Pa.....	Matthew Craig	James B. Colgate & Co.
" "	White, Powell & Co........	John S. Tilney & Co.
Chester, "	Dyer & Appleby...........	Drexel, Morgan & Co.
Columbia, "	E. K. Smith & Co..........	Central N. B., Philadelphia.
Newport, "	Juniata Valley Bank (Branch)	Girard N. B., Philadelphia.
Pittsburgh, "	Monongahela Savings Bank.	Merchants' Exchange N. B.
" "	German-American Bank	Kountze Brothers.
Uniontown, "	People's Bank of Fayette Co.	Girard N. B., Philadelphia.
Clarksville, Tenn....	Bank of Clarksville.........	Bank of America.
Bryan, Texas.......	J. S. Fowlkes & Co.........	Swenson, Perkins & Co.
Belton, "	Miller Brothers............	....
Calvert, "	J. H. Littlefield & Co.......	Reid & Smith.
Clarksville "	Red River Co. Bank........	Donnell, Lawson & Co.
Rockdale, "	Isaac Jalonick & Co........	Duncan, Sherman & Co.
Suffolk, Va..........	Commercial Bank..........	National Park Bank.
Princeton, W. Va....	Bank of Princeton..........	None.
Clinton, Wis.........	J. F. Cleghorn.............	People's Bank.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from September No., page 242.)

NEW YORK CITY.

Wheeler, Brothers & Thomas.

GEORGIA.—Aldrich & Van Wyck, *Marietta*, (business merged with the Marietta Savings Bank).

ILLINOIS.—A. M. Byers & Co., *Aledo*, (succeeded by McKinney, Gilmore & Co.); Bigelow & Benedict, *Buda* (now S. M. Benedict); Bank of Streator, *Streator*, (succeeded by Union National Bank).

IOWA.—Freeland & Clark, *Corydon*, (succeeded by Wayne County Bank); Maquoketa Savings Bank, *Maquoketa*, (name changed to Exchange Bank); T. J. Hubbard, *Stuart*, (sold out to A. H. Savage).

KANSAS.—Newman & Havens, *Leavenworth*.

KENTUCKY.—Western German Savings Bank, *Louisville*, (succeeded by Third National Bank); Wm. W. George, Jr. & Co., *Bardstown*, (succeeded by Wilson & Muir); J. A. J. Lee & Son, *Owingsville*, (succeeded by Exchange & Deposit Bank); Logan County Bank, *Russellville*, (succeeded by Logan County National Bank).

MICHIGAN.—E. M. Hipp & Co., *Benton Harbor*, (changed to Citizens' Exchange Bank).

MISSOURI.—Durfee, McKillop & Co., *Rockport*, (succeeded by Durfee & Wyatt).

NEBRASKA.—Worthing, Sheppard & Co., *Lowell*, (closed; opened at Bloomington, September 10).

NEW YORK.—Mirick & Cole, *Lyons*, (succeeded by Union Bank).

NORTH CAROLINA.—Rountree & Webb, *Newbern*, (succeeded by R. H. Rountree & Co.).

OHIO.—Henry Habbeler, *Genoa*, (retired); Gibson & Townsend, *Leetonia*, (succeeded by Citizens' Bank).

PENNSYLVANIA.—Tenth Ward Bank, *Pittsburgh*, (succeeded by German-American Bank).

TENNESSEE.—Jackson Savings Bank, *Jackson*, (succeeded by First National Bank).

TEXAS.—Miller, Chamberlin & Co., *Belton*, (succeeded by Miller Brothers).

WISCONSIN.—C. J. Hatch & Co., *Milwaukee*, (succeeded by O. Alexander & Co.).

PARDON WITHOUT TRIAL.—Mr. George Ellis, ex-President of the late National Bank of the Commonwealth, who was indicted in the United States Circuit Court for misapplying $50,000 belonging to that bank, was to have been tried on that indictment at the October term of the Court, but has been pardoned by the President, for the offenses of which he was accused. The pardon was granted at the request of Isaac H. Bailey, the receiver of the bank, Francis Leland, one of its directors, William M. Gawtrey, G. Reynaud, and Paul N. Spofford.

NOTES ON THE MONEY MARKET.

New York, Sept. 22, 1874.

Exchange on London, at sixty days' sight, 4.83 *a* 4.84½ *in gold.*

As the fall season opens, several noteworthy features are developing in the financial situation. The drain of gold to Europe has ceased, and the reserve of the Bank of England no longer awakens the anxiety which prevailed on both sides of the Atlantic a few weeks ago. The result has been favorable to the monetary movements here, as is shown in the leading article on a previous page of this issue. The money market is still amply supplied with available funds. Call loans are easy at 2 to 3 per cent. In the rates of discount there is but little change. For time loans to good borrowers, on approved collateral, the transactions are from 3 to 7 per cent. with some disposition to discriminate against certain classes of railroad securities. Commercial paper is in good demand at 5½ to 7½ per cent. on first class acceptances at three and four months. Prime single names pass at 8 to 10 per cent.

The new currency bill continues to be anxiously discussed, but the first note of trouble is heard in a quarter from which it was scarcely anticipated. Nor so far as appears ought it to have occurred. Mr. Spinner's circular which we print elsewhere, dated 14th September, explains how the redemption machinery which was created by the currency bill, has temporarily broken down. The national banks are requested to send on to Washington a second deposit of 5 per cent. in greenbacks for the redemption of their notes. As the banks are not compelled by law to comply with this requisition they have taken time to consider it, and only a few banks have responded promptly. Five days after his requisition was issued, Mr. Spinner gave notice that, in consequence of the exhaustion of the five per cent. fund, and the failure of the national banks to make a prompt and general response to the request for an additional deposit of five per cent. of their circulation, he found it necessary to stop the redemption of national bank-notes for a short time. He adds that "the remittances of national bank-notes which are now in transit will be counted and paid for, but those remitted after this date will be held until notice is given of the resumption of redemptions. Meanwhile the whole force of the agency will be employed on the assortment of the notes already redeemed, in order to en-

able it to make calls upon the banks to reimburse the Treasury for their redemption. He hopes that redemptions will be resumed within two or three weeks. The cessation of redemptions need not prevent compliance with the call for the additional five per cent. deposit. The larger the amount of legal tenders deposited under the call the sooner the agency will be enabled to resume redemptions."

Of the operation of the additional call, Mr. Spinner says that "the deposits made under the call will be treated simply as an advance from the banks to reimburse the Treasury for their notes redeemed, but not yet assorted. As fast as the notes shall be assorted their amount will be charged against the additional deposit, and no request will be made upon the banks making the deposit until it shall be exhausted."

As to the position of the New York Clearing House Banks, it shows a gratifying and unusual amount of strength for this period of the year. Their weekly statements, since the beginning of the year, compare as follows:

1867.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Weekly Clearings.*
Jan. 5	$257,852,460	$12,794,892	$65,026,121	$32.762.779	$202,533,564	$466.987,787
Jan. 4, '68	249,741,297	12,724,614	62,111,201	34,134,391	187,070,786	483,266,304
Jan. 4, '69	259,090,057	20,736,122	48,896,421	34,379,609	180,490,445	585.304.799
Jan. 3, '70	250,406,387	31,166,908	45,034,608	34,150,887	179,129.394	399,355,375
July 4	276,496,503	31,611,330	56,815,254	33.070,365	219,083,428	562,736,404
Jan. 2, '71	263,417,418	20,028,846	45,245.358	32,153,514	188,238,995	467,692.982
July 3	296.237,959	16,526,451	71,348,828	30,494,457	243.308,693	561,366,458
Jan. 1, '72	270,534,000	25,049,500	40,282,800	28,542,800	200,409,800	561,802,964
July 1	289,002,800	22,795,500	54,951,400	27,416,100	232,387,900	485,973,837
Jan. 6, '73	277,720,900	19,478,100	41,165,400	27,613,800	203,808,100	642,834,841
April 7	273,534,000	15,664,400	34,940,500	27,715,800	187,687,000	780,498,463
July 7	286,905,800	33,551,400	48,168,000	27,276,200	232,369,400	478,571,386
Sept. 1	288,883,000	23,095,200	44,729,300	27,281,900	220,390,300	447,799,948
Dec. 8	252,373,500	21,158,600	38,214,000	27,186,100	182.015,300	419.721,752
Jan. 5, '74	261,135,400	28,395,600	46,458,100	27,186,300	205,399,500	361,517,913
Feb. 2	269,995,800	33,342,100	58,877.700	26,898,800	233,119,800	422,936,392
Mar. 2	282,555,700	26,488,300	61,915,000	26,775,100	239,864,300	333,261,105
April 6	291,113,700	24,045,600	56,983,100	26,804,600	237,491,400	431,323,311
May 4	286,574,300	24,639,600	55,833,000	26,889,600	234,401,500	491,427.114
" 25	282,814,400	26,022,300	58,853,400	26,800,900	234.243.300	423.805,643
June 1	280,558,100	25,517,400	61,456,700	26,727,500	232,404,300	335,139,851
" 8	279,926,300	24,382,100	61,890,800	26,764,000	231,913,300	449,888,492
" 15	281,242,800	21,921,000	60,951,000	26,671,800	232,722,400	376,646,467
" 22	279,067,500	19,934,200	61,838,600	26,652,300	227,619,500	401,927,485
" 29	281,791,500	19,714,300	62,923,200	26,511,300	232,929,200	428,251,302
July 6	287,422,200	21,934,300	63,660,500	25,863.900	241,445,500	426,905,576
" 13	287,088,400	27,375,400	61,335,100	25,923,700	243,525,600	444.578,340
" 20	285,315,000	27,755,300	61,853,700	25,727,500	242,983.600	386,300,411
" 27	284,168,100	26,646,700	63,714,800	25,767,600	244,313,300	353,796,075
Aug. 3	283,012,600	25,293,700	65,818,900	25,762,200	242,741,300	298,819,687
" 10	280,534,300	25,740,000	66,549,500	25,805,700	242,261,600	339.534,953
" 17	279,250,200	22,352,000	66,578,100	25,809,100	237,915,500	301,191,646
" 24	278,576,000	19,554.900	65,891,400	25,820,000	234,864,100	320,109,469
" 31	278,319,800	18,638,100	67,282,600	25,803.300	235,000,100	327,151,644
Sept. 7	279,084,900	18,891,300	65,604,700	25,662,400	234,746,000	373,742,142
" 14	280,867,800	19,863,100	65,325,900	25,605,700	237,882,500	390,896,790
" 21	280,569,200	19,952,100	64,804,800	25,638,600	236,840,800	404,199,713

At the Stock Exchange the quietude of business has continued till within the last few days. A lively movement is now beginning, which is ascribed to several causes. First among these is the ease in money, which is believed likely to con-

tinue for some months. Secondly, the owners of idle balances appear, many of them, to have tired of lending at two to three per cent. on call, and have preferred to go into the market to purchase railroad bonds and other well-established investment securities. This demand has put up the prices for the best railroad bonds. To-day, N. Y. Central sold at 108 for coupon Firsts and 95⅛ *a* 95⅜ for Sixes of 1833; Harlem Firsts at 107½, and Morris and Essex at 107⅛ *a* 108 for Firsts, 103 for Seconds, and 98⅛ for Sevens of 1871. The Pacific mortgages were especially active and strong. Union Firsts advanced over one per cent., selling as high as 88¾. Sinking funds reached 76¼, and closed in brisk inquiry at a fractional reaction; Land Grants sold at 88⅜ *a* 88⅛, and Central Pacifics at 91¾ *a* 92. Subjoined are our usual comparative quotations for the month:

Quotations:	*Aug.* 24.	*Sept.* 1.	*Sept.* 8.	*Sept.* 15.	*Sept.* 22.
Gold	110	109¾	109¾	109¾	109⅛
U. S. 5-20s, 1867 Coup.	117¾	117⅝	117⅜	117	116¾
U. S. new Fives Coup.	112⅜	112⅜	112⅜	112	111¾
West. Union Tel. Co.	77⅛	77⅝	78⅞	79½	78⅝
N. Y. C. & Hudson R.	102¾	102⅜	103¾	103¾	101⅝
Lake Shore	74⅜	73½	74⅞	75¾	77⅛
Chicago & Rock Island	102½	101½	100⅜	100¾	102¼
New Jersey Central	106	104	104⅝	104¾	105¾
Erie	32⅝	34⅛	34½	34¾	36⅛
Bills on London	4.86½ *a* 4.87½	4.86¼ *a* 4.87	4.85 *a* 4.86	4.83½ *a* 4.84	4.83¾ *a* 4.84½
Treasury balances	$61,518,011	$62,081,343	$60,550,688	$58,889,853	$58,123,165
Do. do. gold	52,763,880	54,851,964	53,307,303	55,816,633	56,090,031

The market for railroad shares has become active, and a speculative movement of considerable force is predicted as one result of the plethora of the money market and of the recent depression of this class of railroad property. Considerable interest has been shown in the decision of the Wisconsin Supreme Court, and its probable depression of Western shares was discounted beforehand. The decision was given a week ago, on the 15th September, adversely to the railroads. The Court decided that under the provisions of the Constitution of Wisconsin, the State Legislature has full power to alter or repeal the charters of the companies and that the Potter law of 1874, so far as its provisions were before the court, is a valid amendment of the special charters of the defendants. The question whether it is a valid amendment of the general law of 1872 was not considered. Writs of injunction were granted as to all the lines of the Chicago and Northwestern Company, and all those of the Milwaukee & St. Paul Company, except the road from Milwaukee to Prairie du Chien, which was built under a territorial charter granted before the adoption of the State constitution, and is therefore exempt from alteration or repeal under the provisions of that instrument. It was further ordered that the writs should not issue before the Attorney-General files his official agreement not to prosecute suits for forfeiture of charter until after October 1, the intervening time being given to the companies to arrange their tariffs in accordance with the law. The small effect produced at the Stock Exchange is no doubt due to the fact that the decision is much less broad in its application than was at first supposed; it only applies to local traffic and not to through or inter-State business; as to the Chicago and Northwestern road it affects only a little over one-fourth of its whole mileage operated; as to the St. Paul road it applies to about one-third of its whole mileage. Another reason is that during the October term the main question is expected to come before the Supreme Court at Washington for final adjudication.

In our foreign commerce two points are noteworthy. First, the economy of our people since the panic has lessened the consumption of dry goods, and the total imports are thirty millions less than those of 1872, which was about an average year. The total imports of 1873, which was a year of depression, were about equal to

those of the present year. This is shown in the subjoined table, which gives the foreign gold cost of the imports for the last 8 months, freight and duty not included:

Foreign Imports at New York for Eight Months from January 1.

	1872.	1873.	1874.
Entered for consumption	$ 141,994,041	$ 127,800,842	$ 121,654,776
Entered for warehousing	138,845,932	91,817,219	83,445,893
Free goods	30,149,545	62,293,994	75,713,217
Specie and bullion	2,914,438	3,025,231	4,009,897
Total entered at port	$ 313,903,956	$ 284,937,286	$ 284,823,783
Withdrawn from warehouse	112,706,798	86,197,069	73,870,841

Secondly, the exports compare favorably with those of previous years. The foreign drain of specie has swelled the aggregate exports. The outflow of coin for August has been three times as large as in the same month of either of the preceding two years, while the shipments of produce remain about the same as last year. The aggregates show, since January 1, a gain on produce and merchandise of about five millions, the earlier months being better than the last, in consequence of the farmers holding back their crops from market. The aggregates of domestic produce are given in paper currency; those of specie in gold values.

Exports from New York to Foreign Ports for Eight Months from January 1.

	1872.	1873.	1874.
Domestic produce	$ 139,152,085	$ 181,667,191	$ 188,059,699
Foreign merchandise, free	1,066,046	1,462,560	1,499,114
do. dutiable	6,765,083	6,323,142	4,912,033
Specie and bullion	56,949,735	40,056,476	40,438,701
Total exports	$ 203,932,949	$ 229,509,369	$ 234,909,547
do. exclusive of specie	146,983,214	189,452,893	194,470,846

DEATHS.

At RACINE, Wisconsin, on Wednesday, July 15th, aged fifty-five years, Hon. GEORGE C. NORTHROP, formerly Cashier of the RACINE COUNTY BANK.

At FREDERICKSBURG, Va., (by accident), on Tuesday, August 4th, aged thirty-three years, JAMES DICKSON, Cashier of the GEORGETOWN SAVINGS BANK of Georgetown, D. C.

At LIMA, Ohio, on Tuesday, September 1st, aged forty-six years, Dr. G. G. HACKEDORN, Cashier of the ALLEN COUNTY BANK.

At HONESDALE, Pa., on Monday, September 14th, aged fifty-six years, STEPHEN D. WARD, Cashier of the HONESDALE NATIONAL BANK, and of its predecessor, the HONESDALE BANK, since 1842.

At GREENSBURG, Indiana, on Tuesday, September 15th, aged forty-two years, LEVI P. LATHROP, Vice-President of the CITIZENS' NATIONAL BANK of Greensburg.

At CARMEL, N. Y., on Monday, September 21st, aged seventy-eight years, SELAH VAN DUZER, formerly President of the NEW YORK NATIONAL EXCHANGE BANK.

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MONETARY STABILITY AND ITS INTERRUPTIONS.

One of the most interesting features of the money market is the stability with which it has preserved its ease and quietude, notwithstanding the threatened interruption of both by recent events. A return-wave from last year's financial panic seems to have struck the credit machinery of the country during the last month, and the result is not yet fully developed. Still enough has transpired to confirm in a very gratifying way the anticipations of those among us who have taken a hopeful view of the situation. In various parts of the country, and especially in its financial centres, there are, as is well known, considerable amounts of extended indebtedness, originating a year ago. Much of this renewed paper has matured within the past few weeks, and this circumstance has been looked forward to as one of the contingencies which hung over the money market. To say that several suspensions have thus been caused in New York or elsewhere, and that the state of credit in certain quarters threatens further disasters, is therefore to report what has long been looked for as inevitable and certain. One of the most noteworthy features of these failures is that in their extent and frequency they fall below what might have been feared.

As to their magnitude, it has been much disputed, and the authorities differ greatly on the subject. What all agree upon is, that the amount so far is relatively small, especially if it be compared with the probabilities of a few months ago. In the next place, we are assured that one-third of the disasters recently

reported have arisen from speculation. Obligations outside of the proper business of the suspended firms have drifted them into the gulf of insolvency. It has not escaped the notice of foreign observers, and it is quite a familiar remark among ourselves, that, American merchants and manufacturers are less afraid, than the same class are found abroad, to take money out of their business, and to risk it in outside ventures. Multitudes of men, who have barely enough floating capital to carry on their establishments, and who are consequently in a chronic state of perplexity about money, instead of seeking year by year, as their gains increase, to keep their growing capital in their business, where it can fructify under their own eyes, and can give new efficiency to their own skill and organized industrial machinery, have no hesitation in discarding such an old-fashioned policy, and plunge into a multitude of engagements of various kinds as fast as their growing means give into their hands the control of capital for such investments.

Here we have one of the numerous results of that restlessness, ingenuity, and unquenchable spirit of enterprise which have always flourished in this country, and constitute one of the most active sources of its rapid material progress. However valuable this adventurous spirit may be it must be duly restrained, if it is to be conducive to national and individual growth in wealth. This energetic expansiveness has its limits and its laws. By these laws its force must be regulated, or disaster will ensue. To the neglect of such control most of the panics in this country owe in part their origin and violence during the past forty years. Other causes have of course co-operated, but that we have mentioned is among the chief. It is far from our purpose to undervalue, or to put a single needless restraint on wholesome enterprise, which multiplies and endows with such resistless energy the mechanism of our national resources. We are here regarding the consequence of its abuses, with a view to learn therefrom how to deal with the present and prospective evils these abuses have fostered in the monetary organism. In examining the list of failures for the last few weeks we shall find abundant reason for applying the principles and cautions that have just been suggested.

There are also firms who are in trouble just now from the shrinkage of values and the heavy fall in prices. But for the extraordinary downward turn in so many staple articles of merchandise, it is safe to say that more than one-half of the failures we are discussing would have been averted. This cause of financial trouble is generally felt all over the commercial world. In England and on the continent of Europe its effects are among the most notable movements of the industrial and commercial history of the time. There are many reasons for the belief that our mercantile and industrial interests will struggle through the violent currents of financial trouble which they have to traverse in common with the sister interests of the Old World, and will emerge on the solid ground with at least equal safety and

exemption from serious exhaustion. Of course a season of declining prices is always perilous. It threatens individual fortunes, and it lowers the tone of the industrial organism. Still, such a decline in prices has its compensations. For example, it stimulates by a well-known economic law the activity of future production; besides which the cases are not rare in which, as in that of petroleum, a heavy fall in the price gives us the command of a much wider market abroad; which, when once acquired, will probably continue ours hereafter when the return of higher prices makes it a source of greater gain.

It is superfluous to point out the obligation which rests on bankers and creditors to extend, at a time like the present, the utmost amount of accommodation which the rules of good banking justify, to their dealers. As to a certain class, who have been plunging recklessly into outside speculations, it may be impossible to save them from the ruin they have provoked. But with many debtors it is far otherwise, and all that is needed is a little forbearance on the part of creditors, who will often be led by the judgment of their bank. It is unnecessary to insist on this point with the memory of the Jay Cooke panic so fresh in our minds. Every one knows that the rapidity with which that financial outbreak was quelled, and the narrow limits to which its ravages were confined, must be regarded as due to the wisdom and forbearance exhibited by our banks. To the same principles of forbearance and wisdom we no doubt are indebted for our exemption from panics during so many years prior to 1873. To the prudence which for the most part presides over our banking mechanism in the great cities, as well as to the firm union which more than ever before is possible among the banking interests throughout the country, we must look for safety in the future panics which may threaten us hereafter.

A more important question in a practical point of view is as to the causes of that stability, which, notwithstanding the recent monetary troubles just referred to, has been so prominent a characteristic of the monetary situation. These causes are the more worthy of examination, that they indicate changes of some magnitude, which are taking place in our financial machinery. First of all, we must of course take into the account the abundance of loanable capital with which the money market is at present supplied. But for this circumstance it would be vain to expect stability in the loan market. For all experience proves that the first and chief condition of monetary tranquillity is that there should be a healthy proportion kept up between the floating and the fixed capital of the community. Hence, as Mr. Tooke observes in the third volume of his History of Prices, panics very frequently take their origin in a disturbance of this proportion. He instances the memorable British crisis of 1847, which resembles in many respects our own panic of last year. Both these crises were due to railroad expansion.

Secondly, we are not depleting our money market so rapidly as for some years past, either for the construction of railroads or for any other fixed permanent works. Many persons suppose that all panics result from the destruction of capital as their chief, if not their sole cause. This is a very narrow and imperfect explanation. It is the function of capital to perish and to be destroyed continually. That is the only process by which it can be made useful to build up the organism of the public wealth. Capital is the food on which the industrial system lives and grows. Hence, we see that the mere destruction or using up of capital for productive works is not and cannot be the evil that makes a panic. If we would learn what it is that does the mischief and brings on a crisis, we must look rather to the exhaustion of the reservoir of floating capital, and to the fact that the conversion of such capital has been going on with too great rapidity into fixed forms. If a nation has allowed itself for six or eight years to spend too much of its floating capital in railroads, as England did prior to the panic of 1847, and as we did prior to the panic of 1873, then it will be found that this partial exhaustion of the reservoir constitutes the chief danger of the monetary situation, and the remedy must consist in the restoration of the equilibrium. For this equilibrium, as we have said, is an indispensable condition to the healthy working of the financial organism in any commercial country of modern times.

Thirdly, we are beginning to realize the benefit of the rigid economy which all classes of our people have been practicing during the past year; and the consequence is seen, not only in the immense amount of old indebtedness which has been liquidated, but in the revival and reproduction of capital, which, being sunk in unproductive works, became temporarily unavailable through the panic.

These principles suggest an explanation of some features of the present money market, which have puzzled not a few merchants and bankers of experience. For example, there has been a general anticipation that the rate of interest would rise as usual this fall. For some years past, we have invariably had an autumn stringency, and year by year the pressure seemed to grow more severe. This year, in consequence of the recent panic, the periodical stringency was expected to be troublesome, and our mercantile and banking community made preparations accordingly. Their fears have not been realized. Money is at three per cent. on call in the middle of the very season in which for years it has always ranged at extreme rates. Many theories have been offered as to this unexpected ease. Some persons account for it on the principle that stringency, if the public expect and provide for it, is prevented and kept away by the very fact of previous preparation. If everybody is provided with money beforehand, the borrowers will be few when the time arrives for the anticipated pinch. Others point to the well-known circumstance that the volume of

mercantile business is smaller than usual, and, of course, a diminished volume of transactions will require a diminished volume of capital to carry them on. Hence there is less demand in the money market, and a plethora of loanable funds is the natural result.

There is some force in all these arguments. They are generally believed, however, to be unsatisfactory and partial. If we would understand more completely the causes of the present ease in the loan market we must look in some other direction. Recurring to what what was said above, as to the importance of not draining off floating capital or converting it too rapidly into fixed capital, we have a more satisfactory explanation of the present monetary situation. During the last six years, the United States have invested in railroads over 250 millions of capital a year. This enormous amount of floating funds has been drained very swiftly from the money market, and would offer by itself a sufficient reason, without any other extraordinary drain, to account for the pressure which has been so often complained of. The floating capital, which, but for this, would have been ample to carry on the mercantile business of the country, has been diverted from its old channels, and the wonder is that the evil results did not break out sooner and spread themselves over a wider field. When we look into the financial situation of to-day, we find one of its chief characteristics to be that the drain we have been speaking of has almost wholly ceased. The reservoir of the money market is no longer depleted by half a dozen great finance firms who would borrow all the floating funds from the banks, and thus cut off the supply from the mercantile community. Some of these financing firms have failed, while others have turned their attention to more promising work than the building of railroads. The consequence is that the money market is partially liberated, and resembles at present a locomotive which has dropped the heaviest part of its load of cars. Having a lighter burden to draw, it is more free and more easy in its movements.

Again, there is another aspect of the money market which must not be overlooked. For several successive years it has been disturbed by speculative manipulation. An organized body of brokers have combined together, and put up the rates for money, evading the usury laws by charging the legal rate as *interest*, but adding to this sum a gratuity for themselves of 1/8 or 1/4 per cent. a day. This gratuity, or brokerage, amounted sometimes to as much as 1 per cent. a day, or even more in times of extreme pressure. It is beside our purpose to trace the rise, culmination, and downfall of this organized combination for artificially perturbing the money market. We mention it only to show how this, with other forces which formerly produced disturbance, has temporarily ceased to do so. Most of the "tight money men," as they used to be called, have come to grief, and, as yet, their place has not been supplied by successors of sufficient strength to emulate their achievements.

Any account of the forces which tend just now to keep the money market stable and tranquil would be incomplete if it failed to take into the account the financial legislation consummated by Congress last session. It is true that the law of 1874 did not accomplish much, but what it did accomplish is regarded as final. The reforms do not go as far as we could wish, but they travel in the right direction, and they mark another resting-place, at which the business and finance of the country may repose prior to a future attempt to gain still higher ground. What Congress has done in the law of 1874 the country can rely upon as fixed and settled. Till a year or two shall have elapsed, the country will not be able to measure the precise effects of the reforms which have been achieved. Till then it will be imprudent, even were it possible, to take another forward step toward specie payments.

This conviction seems to be accepted throughout the country. It has tended, so far as it prevails, to establish confidence. While few things are so disturbing to business as fluctuations in the monetary circulation, the putting an end for some years to all fear of currency perturbation must exert a favorable stimulus upon commercial and financial prosperity. The act we are considering settled two points, which have eminently tended to the promotion of these beneficent ends. It has established a system of bank-note redemption, which is destined, when perfected, to give elasticity to that part of our circulating medium which chiefly needs, and is most receptive of, this indispensable requisite of a sound currency. Secondly, the law has put an end to all future dispute as to the legal aggregate of the greenback circulation. Under the Constitution of the United States Congress cannot issue legal-tender notes except for war purposes. The greenbacks now outstanding were so issued. When their amount was last fixed by act of Congress, the maximum was stated at four hundred millions. It is now by the recent law brought down to the level of 382 millions. The limit, having been fixed by law, cannot be overstepped hereafter. This is finally decided; and although the greenback maximum is fixed at 382 millions instead of 356 millions, still it is much better for the country to have the question settled as it is than to leave it open, as it has so long been left. Some of the inflationists are hoping to bring up the currency question in Congress next session, and to revive the mischievous controversies which have done so much harm to business since the war. There is little prospect, however, that these projects will attract much attention. Public opinion does not regard them with the slightest favor, and we often hear it said by men of business that there would be general relief throughout the country, if the currency agitation in Congress could be stopped altogether for the next ten years.

THE BANKS AND THE COMPTROLLER OF THE CURRENCY.

A brisk correspondence with the Comptroller of the Currency has been kept up by bank officers of the interior in regard to two or three questions of general interest. One of these refers to the use of time-drafts. The Comptroller, having received information from New York that a number of National banks in the West and in the South were in the habit of issuing time-drafts, instructed the bank examiner here to investigate the facts. That officer reported that the information was correct. The names of various banks being mentioned to the Comptroller, he wrote to each of these institutions announcing to them that time-drafts are forbidden by the National banking law. Surprised at this action on the part of the Comptroller, several banks wrote to this office asking our opinion on the subject in dispute. We immediately applied to the Comptroller for information. With his usual promptitude, Mr. Knox responded that the issue of time-drafts is regarded as unlawful to the National banks, because "Section 23 of the National Bank Act prohibits the issue of post-notes; and section 53 provides for the forfeiture of the charter of National banks for any violation of the provisions of the Act. The National Bank Act is, therefore, construed to prohibit the issue of time-drafts,—the penalty for which is forfeiture of charter in the manner provided in the section referred to."

On examining section 23, cited by the Comptroller, it will be found to forbid the issue of "post-notes or any other notes to circulate as money except such as are authorized" by the National Banking Act. Now, the only notes which that Act sanctions are the ordinary bank notes. Hence the issue of time-drafts, as the Comptroller claims, would bring the offending bank under the penalties of section 53, which declares "That if the directors of any association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate, any of the provisions of this act, all the rights, privileges, and franchises of the association derived from this act shall be thereby forfeited. Such violation shall, however, be determined and adjudged by a proper circuit, district or territorial court of the United States, in a suit brought for that purpose by the Comptroller of the Currency, in his own name, before the association shall be declared dissolved. And in cases of such violation, every director who participated in, or assented to the same, shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person, shall have sustained in consequence of such violation."

It is evident that the whole discussion rests upon the definition

of post-notes. If, as the Comptroller claims, these notes are identical with time-drafts, then time-drafts are forbidden under the penalty which is denounced by section 53. The precise question to be decided turns therefore upon the nature of the contract expressed in the instrument, which will be a time-draft in some cases and not in others. For example, a correspondent sends us a canceled draft, purporting to show that "Jacob Houston has deposited $ 1,000, payable two months after date, to the order of himsel on return of this certificate properly endorsed, with interest at the rate of — per cent. per annum. If not presented at maturity, to be considered as a renewal on same conditions."

We presume that there are few lawyers who would contend that this certificate of deposit does not partake of the nature o a time-draft. It is a contract by which the dealer lends his money for two months on interest, and the banker binds himsel to pay it in two months, or to renew his contract at the same rate of interest. Another form of deposit receipt, which has been submitted to us, appears not to be open to this objection. It i conspicuously stamped with the words, "deposit receipt," and i as follows: "Received from Jacob Houston the sum of one thousand dollars for which we are accountable on demand without notice, with interest at — per cent. per annum, on the return of this receipt properly endorsed. No interest will be allowed if presented within fifteen days from date." On its face, this document has a very different character to that given above. The dealer in this case does not lend his money to the ban for any definite period. He has a right to draw it out of th bank on demand. But if he lets it lie fifteen days or more, th bank agrees to pay him interest on his deposit, and not otherwise

There are, indeed, some persons who claim that the bankin law does not forbid the issue of time-drafts. They argue tha even if the nature of the contract expressed on the face of th draft clearly shows that it is a time-draft, and not a simple deposit receipt payable on demand, the bank may still be exculpate from the charge of violating the law. In defense of their position, they cite the 36th section of the Bank Act, which enacts a follows: "That no association shall at any time be indebted, o in any way liable, *to an amount exceeding the amount of its capita stock* at such time actually paid in and remaining undiminishe by losses or otherwise, except on the following accounts, that i to say:

"*First.* On account of its notes of circulation.

"*Second.* On account of moneys deposited with, or collected by such association.

"*Third.* On account of bills of exchange, or *drafts drawn agains money actually on deposit to the credit of such association, or du thereto.*

"*Fourth.* On account of liabilities to its stockholders for dividends and reserved profits."

Of this section, the only important part for the present discussion is the clause which we have put in italics. Two points have been raised upon it. *First*, it is argued that National banks can legally issue drafts on the conditions specified, even though these issues be time-drafts. *Secondly*, that no restrictions on such drafts are prescribed by the law save the two restrictions here set down, which we have italicised above. Conceding, for the sake of argument, that these points are well taken, and that the 36th section fairly bears the interpretation here put upon it, we do not see how it helps to justify time-drafts, if, as the Comptroller says, such drafts are positively forbidden in section 23. The latter section being so explicit and positive, it must clearly be taken to explain and limit the less explicit provisions of section 36.

We are thus sent back to the question with which we started: "Are time-drafts identical with post-notes?" Every one knows what a time-draft is; it is an instrument that conveys a title which will mature hereafter; it is a contract to pay cash, not on demand, but at a distant period; it conveys no right to sue until the prescribed period has elapsed. In this it differs from a demand obligation, which conveys the right to sue from the instant of its delivery. This is the essential distinction between the instrument called a time-draft and other instruments payable on demand.

Now, let us turn to the post note. Its name indicates its distinctive meaning. Bouvier defines it to be "a bank-note payable at a distant period, and not on demand." Webster defines the post-note to be a note "payable at a future time." Parsons defines a post-note as follows:

"Post-notes seem," he says, "to occupy a position between the bank bill on the one hand, and the promissory note on the other. They are payable on time, and are still intended to circulate as money. They are not generally subject to the rules of promissory notes, but are like bank bills. In some of the States they are void by statute." If Mr. Parsons' *Treatise on Promissory Notes*, from which we quote, had appeared in 1864 instead of in 1862, he might have added the National Banking Law to his statutes prohibiting post-notes. Other writers state the difference between post-notes and simple certificates of deposit to be, that the post-note expressly indicates a contract binding both parties, and maturing in the future; certificates only supply evidence of a debt due by the bank. These writers distinguish post-notes from ordinary bank notes by saying that the former contain an executory contract, a promise not due on demand, and therefore not within the sphere of sound banking.

From these definitions we see clearly what the term post-note really comprehends. It is a general term comprising all bank-notes, of every kind, on time—all instruments of this character in which time forms an essential element of the contract. In legislation the word post-notes is used to draw a clear, bold line of demarcation between banking paper and commercial paper. In this country it is

a recognized principle of sound banking, that although merchant may issue post-notes, bankers should not issue such notes in an form, whether as time-drafts, acceptances, or otherwise. The National Currency Law borrowed this prohibition from the Bankin Law of the State of New York, where it began to be establishe we believe, in 1829, and was gradually developed into its prese form by successive improvements extending over a quarter of century. The law as it now stands in our Revised Statutes enac as follows:

"No banking association, or individual banker as such, sha issue or put in circulation any bill or note of said association o individual banker, unless the same shall be made payable on de mand, and without interest, except bills of exchange on foreign cour tries, or places beyond the limits or the jurisdiction of the Unite States, which bills may be made payable at or within the custom ary usance, or at or within ninety days' sight; and every violatio of this section by any officer or member of a banking associatio or by any individual banker, shall be deemed and adjudged misdemeanor, punishable by fine or imprisonment, or both, in th discretion of the court having cognizance thereof." *Laws of* 184 *ch.* 363, § 4, *as amended* 1850, *ch.* 251.

This statute has resulted in the suppression of all issues time-paper by the banks and bankers of this State. It was ev dently the intention of Congress to effect a like wholesome refor for the National banks all over the country. In view of the facts, the Comptroller is therefore justified in the action he h taken for the suppression of post-notes, whether under the form time-drafts or not.

An objection has been raised, alleging that these time-dra are not intended for use as money. The Comptroller is on authorized, say the objectors, to apply the statute to such po notes as are intended to circulate as money. A like objection w argued in 1840 in the Supreme Court of this State, and it w held, in a memorable case, by Judge Cowen, that post-notes a in their form and nature, an unsecured, unregulated sort of pape money, and that they might be "passed from hand to hand, a are to all intents circulating bank-bills, so far as facility of tran fer is concerned." As to the alleged want of purpose to cre such a medium, or the absence of intention to circulate po notes as money, the Court said that "the intention of an acti must be judged by its necessary consequences. When these a directly pernicious, the intent to work a mischief becomes a co clusion of law." Safford *v.* Wyckoff, 1 *Hill*, 14. The same ru was affirmed by Chief-Justice Bronson, in 1844, who declared "th the prohibition was not limited to post-notes when they might po sibly be intended for circulation as money, and at no other tim The law was designed to prohibit such notes altogether, for a purpose." Swift *v.* Beers, 3 *Denio*, 70. This rule has been u formly held for more than thirty years in all the courts of th

State. A similar principle will, no doubt, be recognized in the United States courts for the interpretation of the National Banking Law, whenever the necessity shall arise for its application. We print on page 382 some suggestive correspondence on the danger of using time-drafts as a means of evading the stamp tax on checks. Such a use is condemned by every principle of sound banking as well as of rectitude and good citizenship.

Another question which is agitated, relates to the re-distribution of bank currency under the law of June 22d, 1874. Since that law was passed, some forty new banks have been authorized, with an aggregate of more than three millions of capital. But there are some seven millions of bank-notes which have been relinquished. It has been supposed that these seven millions would have been available for re-distribution. The Comptroller, doubting the powers given to the Treasury under the law, asked for the opinion of Attorney-General Williams. In his communication, the Comptroller analyzes the condition of the National bank circulation, and states the probability that a sufficient amount of the notes of banks which have legal-tender notes on deposit with the Treasurer will be redeemed, to supply his office for a year to come with circulation for distribution to banks to be organized in the States which are deficient. The question is, whether he shall distribute the currency which he has, or shortly will have, in hand; and whether, until it is exhausted, he shall refrain from making the requisitions directed by the seventh section of the act for the purpose of filling applications for National bank notes coming from the States and Territories having less than their due proportion of this circulation. The Attorney-General, in reply, refers to his recent letter to the Secretary, in which the opinion is expressed that "for the re-distribution to the extent of $55,000,000 of bank-notes, as provided for by the act, the Comptroller of the Currency must under this law rely on requisitions for the withdrawal and redemption of these notes by banks in those States where there is an excess of such circulation, and that this is his only resource." He reaffirms this opinion, and, in accordance therewith, the Comptroller has issued a circular indicating the way in which the requisition is to be made. The new rules will not be at present troublesome, except the applications for currency in the defective States are much more numerous than has so far seemed probable. There is a growing conviction among the more intelligent leaders of public opinion in the West, that to increase the issue of greenbacks, or of bank-notes, is not the best way to make money easy to farmers; and that if they would bring capital into contact with land, they must resort to a totally different expedient than that of multiplying new banks in advance of the business and commerce of the locality they wish to aid.

THE DECLINE IN THE EMIGRATION MOVEMENT

The falling off in the activity of emigration to the United State from foreign countries has attracted considerable notice both her and abroad, and as the facts have been misrepresented or dispu ted, we have thought it desirable to obtain from the Commis sioners of Emigration an authentic statement of the figures so fa as they are placed on record. It may be well to recall the exac nature of the complaints to which we have referred as indicatin a turn in the tide of emigration from the Old World to the New First of all, it has been said that the aggregate arrivals of steerag passengers at this port have been smaller this year than in an past year since the great panic of 1857. Secondly, it has bee declared that multitudes of emigrants have returned to their nativ country after vainly attempting to get employment here.

These are the two general complaints which have been allege and what the public wish to know is how far either or both them can be proved. In regard to the assertion that the arriva this year have been smaller than at any time since the gre crisis of 1857, it is not strictly true. In 1856 the total numb of alien emigrants at the port of New York was 142,352; in 185 183,773; in 1858, 78,589; in 1859, 79,322; in 1860, 105,162; 1861, 65,539; in 1862, 76,306; in 1863, 155,844; in 1864, 180,29 in 1865, 196,352; in 1866, 233,418; in 1867, 242,731; in 186 213,695; in 1869, 258,989; in 1870, 212,170; in 1871, 229,639; 1872, 294,581, and in 1873, 266,818. Since 1847 the greate number of emigrants in any one year was 319,223, in 185 and the smallest number was 65,539, in 1861.

As to the second point, it is open to question, inasmuch as authentic record is compiled of the number of steerage passenge who leave this port for Europe. It would be difficult if not in possible to obtain from the various steamship companies the r quisite statistics. And if this were practicable, the labor of com piling and digesting such data is too severe for us to hope th in our busy community any one can be found with sufficie leisure, ability and influence to undertake the task with succes In the absence of adequate statistics we have made special i quiries, the result of which is that the fact seems established th an unusually large number of steerage passengers have this sum mer gone to Europe from New York. Our informants explain t exodus in various ways. Some attribute it to the low rates which the steamship companies have been carrying this class passengers. So active is the competition that tickets from Ne York to Liverpool and back have been selling as low as $15

some cases; while $20, and $25, are said to have been the highest rates asked. In confirmation we have been reminded that, even the Cunard Company, the most exclusive of our steamship lines, and usually the "stiffest" in its rates, has covered the walls of New York with its placards offering to take steerage passengers at extremely low rates. Two or three classes of people take advantage of these cheap steamship fares to Europe. Our people are more given to travel than their European cousins. Nothing is so natural as that the well-to-do emigrant should in a few years catch this national restlessness and love of travel. Ten years ago scarcely any of our business men, if native Americans, had ever seen Europe. Now almost every man you meet in Wall Street has been or is planning to go with his family, if only for a few months' tour, so as to say they have been where it is the fashion to go. This rage for visiting Europe has perhaps been checked in some quarters by the panic, but it has been stimulated in others. We are assured that the savings of multitudes of our mechanics and small tradesmen have been devoted to procuring a trip to the old country for themselves and their families during the temporary dullness of trade, the cost being but little more than that of staying at home.

A more noisy and demonstrative class of passengers are those who were a burden and a trouble to themselves and their friends before they emigrated at first, and they have been a burden and a trouble to us ever since they came here. They will not, it is hoped, like the former class, return to us soon. We can well allow them to speak as ill of us as of their own country, for in neither can a man thrive without industry, perseverance and pluck. A third class of returning emigrants are more to be pitied. They came here at an unfortunate juncture. They found business dormant. Their hopes have all perished, and they are likely to give a bad report of our country, as scores have done before them. They are going back to poverty in their own land rather than take the risks of remaining longer where they have met with such chilling disappointment. Some of these very men might become captains of industry, and make a career for themselves, if they would only work and wait.

The lockout of the English laborers has had something to do with this return movement, and the strikes in the coal and iron regions have also tended to increase the scarcity of available labor. For the first time since the famous theories of T. R. Malthus were published on over-population and its evils, England has begun to doubt whether she has not been losing strength in losing emigrants. There is accordingly a new spirit of antipathy to emigration springing up in influential quarters, and a new disposition to give a more cordial welcome to emigrants who return. These changes, however, in public opinion are of slow growth among our British kinsmen, and but for the temporary scarcity of workmen and the consequent rise in wages resulting from the strikes, very little influence would have come from this source

to attract emigrants from the infinitely superior prospects and advantages offered to them and their children in this country. What these new influences have been able to accomplish is, to check new emigration, and to impose obstacles to the desire among the English working classes to better their condition by coming here. For some time to come we shall undoubtedly have less emigration from England, Ireland, Wales, and perhaps from Scotland, than we have had.

It is impossible to overestimate the advantages which the majority of the emigrants to this country have secured to themselves and to their children. Moreover, in improving their private fortune, they have done public good.

For example, in the material industries of this country, one of the most fruitful sources of rapid progress is notoriously to be found in the emigration movement, which has had no parallel in the history of the world. During the last half century it has brought seven millions of people of kindred races to make their homes among us. We cannot easily compute in money the sum thus added to the national wealth. As one-tenth of the immigrants are workmen of more or less skill, it has been computed that on a fair capitalization of earnings the average value added by each immigrant to our national wealth must be more than 500 dollars. On this low average it would appear that the immigration movement of the last quarter of a century has augmented the resources of this country by 3,000 millions of dollars, or more than the aggregate of the national debt, with the debts of the various States, counties, and municipalities combined. Such estimates as these can, of course, be only approximate and conjectural. They offer but one of the factors for calculating the value conferred by a law-abiding, skillful, industrious population pouring itself so rapidly into a free nationality like ours, whose rich lands invite labor, and whose unrivaled climate, teeming resources, and liberal institutions stimulate inventive genius, and give full career to frugality and industry. It is one of the central principles of economic science, that to enlarge and concentrate population is to stimulate the forces which increase the wealth of nations. Not only does well-regulated emigration enrich the country by adding to its fixed capital so many millions of dollars a year, but it accomplishes an object of much greater value. It improves the organization of labor. It enables us to naturalize exotic industries suitable to our climate, soil, and to the genius of our people. It accelerates the movements and adds value to the products of that financial, commercial, and industrial machinery which is the creator of our material prosperity, and the guarantee of our recuperative resources. De Tocqueville very justly observes that some nations make better emigrants than others. The capacity of European operatives and farmers to develop that plastic aptitude which is needed to fit them for citizenship in a new country was formerly very great. It is now said to be somewhat on the wane, and various new social forces evoked of late are tending to

contract the limits and lessen the numbers of the class which is most disposed and most suitable for successful emigration.

Already the force of these influences is making itself visible. During the first nine months of this year England sent us 16,235 emigrants, against 28,123 in the same period of the previous year; Ireland sent us 36,007, against 62,893; Wales sent us 1,470 against 2,513; and Scotland sent us 4,656, against 7,268. The total is 58,368 emigrants for the first three quarters of 1874, against 100,797 for the same period in 1873. How these figures compare with those of other countries may be seen from the subjoined table, which gives the official figures, for which we are indebted to the Secretary of the Bureau of Emigration at this port:

STEERAGE PASSENGERS LANDED IN NEW YORK.

	1873		1874	
	September.	*Total 1 Jan. to 1 Oct.*	*September.*	*Total 1 Jan. to 1 Oct.*
Austria	156	1,341	143	1,124
Australia	3	4	2	16
Africa	—	5	1	17
British America	—	—	—	4
Belgium	100	511	44	281
Bohemia	355	3,238	285	2,414
Canada	6	39	14	79
China	—	3	2	6
Denmark	438	5,527	341	2,968
East India	1	14	1	19
England	4,180	28,123	2,721	16,235
France	312	1,895	369	2,117
German Empire	7,971	79,687	3,718	32,652
Greece	3	8	1	16
Hungary	106	616	93	616
Holland	299	4,103	106	1,273
Ireland	5,544	62,893	3,468	36,007
Isle of Man	25	145	16	74
Japan	—	—	—	1
Italy	510	4,977	204	4,532
Iceland	—	—	—	16
Luxembourg	30	439	52	338
Malta	1	5	—	10
Mexico	—	4	1	1
Norway	537	5,742	144	3,474
New Brunswick	4	40	3	11
New Providence	—	—	4	4
Portugal	—	7	1	12
Roumania	8	43	—	1
Russia	530	4,100	1,823	6,255
Switzerland	307	3,910	163	2,003
Scotland	896	7,268	717	4,656
Sweden	952	9,224	465	3,573
Spain	10	37	6	40
South America	1	7	—	2
Turkey	2	23	7	17
United States	328	1,367	557	2,206
Wales	420	2,513	303	1,470
West India	5	19	2	18
Nova Scotia	—	15	7	50
Total	24,040	227,891	15,784	124,608

It appears from these figures that the aggregate immigration fo the nine months of this year is 103,283 less than for the sam period of last year. The Russian immigration is 6,255 agains 4,100 for 1873. This large increase is due to the exit from Rus sia of the Mennonites, who are a valuable class of agricultura population for us to receive. France has sent us 2,117 emigrant against 1,895 last year. From Germany the movement has bee more interrupted than even in England. The arrivals this yea were only 32,652 against 79,687 for the first nine months of 1873 132,705 for the whole year 1872, 88,601 for the year 1871, 73,25 for the year 1870, 99,605 for the year 1869, 101,989 for the year 1868, 117,591 for the year 1867, and 106,716 for the year 1866.

It is easy to understand why the German emigration has bee checked like the English. Soon after the close of the Franco German war the increase in the emigration from 27,740 in 186 to 132,705 ten years later, attracted the attention of the Imperia Government, and of certain classes of the people. Petitions wer presented to the Imperial Parliament asking that the licenses o the emigrant agents in Germany might be revoked, in order t stop their operations and thus prevent the country from bein drained of the valuable classes of workmen who were flocking t the United States. To show the necessity for prompt action o the part of the authorities, it was stated that, within five year fifteen thousand able-bodied laborers had left Pomerania alone fo the United States, and that it had become almost impossible to fin farm hands enough to work the estates of the landed proprietor It was also proved that there was a very large emigration fro Mecklenberg, amounting to about four thousand emigrants a yea whom it was considered very desirable to keep at home; fro other States also complaints of a similar character were sent.

The reason assigned for the exodus from Pomerania and Meck lenberg was the impossibility of the laboring classes acquirin a freehold, owing to the old system by which large estates ar retained in the hands of a few wealthy and noble proprietors but this does not entirely explain the movement, since in othe States where a different system of landed property prevails, sma proprietors sell their lands at a sacrifice in order to obtain th money with which to emigrate. One main reason for it is said t be, that their friends who have come to this country, and hav settled upon the cheap lands of the West, have generally realize material prosperity, and the letters of these people to their rela tives and others at home are constantly attracting new emigration Other influences, no doubt, have been operating in the same direc tion, such as the increased taxation and cost of living in German since the Franco-German war, together with the army system, th benefits of which are counterpoised by burdens on commerce an shackles on personal freedom. No direct action has been taken we believe, by the German authorities to keep back the tide o emigration, although public opinion seems to be in some quarter growing more hostile to it.

NOTES ON ECONOMIC FALLACIES AND THEIR AUTHORS.

No. 2.—John Law and the Mississippi Bubble.

As the name of John Law is so often heard in connection with paper-money sophisms, it is somewhat singular that the real nature of his theories is so much misunderstood. Like many reformers who succeed in unchaining pent-up social and financial forces, he was unable to keep these forces under command; and for the chaos which resulted he is held responsible, although no one was more surprised than himself that the Spirit of peace and prosperity which he summoned, changed so soon into a demon of disaster and discord. A succinct account of Law's exploits is given by Mr. Senior, in his Oxford lectures, in which he does full justice to Law, while exposing the errors into which he was led, partly in consequence of his false views of the nature of money and credit, but chiefly by the imperious exigencies of the bankrupt Treasury and a prodigal Government. Before we give Mr. Senior's account of Law, it may be well to premise a biographical statement as to who Law was, and what was his early preparation for the career which has made him so conspicuous a figure in the history of the eighteenth century. John Law was born in Edinburgh, in 1671, his father being a goldsmith of some wealth. At twenty years of age, John Law left Scotland, and did not return till he had made the tour of Europe, and plunged himself deeply into debt. He had an inquisitive spirit and an impetuous temper, and was addicted to gambling. His social habits, generous disposition, with a certain magnetic charm of manner, brought him into intimate association with the leaders of society in London, Paris, and other European cities. After visiting various countries, he repaired to Holland to study the polity, the spirit and the traditions of that rich, resolute Republic, which had acquired the inheritance of the Venetians and Portuguese, and covered every sea with their vessels.

Amsterdam was at that time the commercial metropolis of Europe. The interest on money there rarely exceeded two or three per cent. She had a bank, celebrated and mysterious, whose credit had withstood the invasion of Louis XIV., whose treasury seemed inexhaustible, and whose system was an enigma even to those who devoted themselves to the study of finance.

Law, in order to investigate more closely the mechanism of this bank, became a clerk of the English Resident, and in this manner added greatly to his knowledge of all subjects connected with commerce and finance.

He returned to Scotland about the year 1700, being then nearly thirty years old, and having acquired vast information. He

was struck with the contrast which his own country presented to that which he had just visited. Instead of the extended commerce and the great and active traffic which he observed in England and Holland, he found the country poor and paralyzed by inaction.

Scotland, mountainous and almost an island, had a sufficiently productive soil; it was inhabited by an intelligent and laborious population, but needed capital to develop its agriculture and extend its commerce and manufactures. The Scotch, like all mountaineers, were endowed with active faculties, which there was no opportunity to exercise at home, and they expatriated themselves to seek their fortunes in richer countries.

Law attributed the languishing condition of Scotland to the deficiency of capital. He was undoubtedly right; but, confounding capital with currency, which is simply a means of exchange he imagined that an abundance of money was the *cause* of th riches of States whose prosperity money had only developed.

He said to himself:

"What is wanting to the proprietor to enable him to clear u his lands; to the manufacturer to multiply his looms; to th merchant to extend his operations? Advances, that is to sa money, to pay for the first materials and the manual labor.

"With a few more millions we could pay the laborer wh wishes to emigrate, we could retain him upon his native soil, ar procure all the material necessary to occupy his labor. Hollan with a sterile soil, whose low banks expose it constantly to tl dangers of the flood, is the richest country in the world. Why Because she overflows with money.

"By what means can money be supplied? It is credit; it the establishment of banks which give to paper the value ar efficiency of specie."

Law thus involved himself by degrees in an error which tl appearance of an abundant currency often occasions. He thoug that the prosperity of a country depended upon the amount money in circulation, and that this amount might be augment by the Government at pleasure.

Full of these views, he presented a plan adapted to t wants of his own country, about the year 1700. This plan w to constitute a company with power to collect the public revenu to carry on certain kinds of commerce with exclusive privilege to direct manufactures, certain commercial enterprises, the fisheri etc. His plan, although rejected, attracted public attention him, and brought him in contact with the principal persons Scotland.

In 1705, as we showed last month, it was proposed to e tablish a territorial bank. Law offered a well-digested plan f one, in a very curious pamphlet entitled, 'Considerations up Hard Money.' Aside from the error which attributes the prospe

ity of States exclusively to the abundance of money, the means of increasing this abundance by banks are clearly explained, and with an understanding of the subject very uncommon at that time. This new plan of Law was no better received than the first. It was rejected, from the apprehension, it was said, of giving too much power to the Administration.

Repulsed at home, our financial adventurer determined to resume his travels, and try his fortune abroad. The Continent had been ravaged by the wars of Louis XIV., and Law hoped to command attention from some of the needy States whose resources had been crippled. At Paris he was unsuccessful, notwithstanding the favor with which the Duke of Orleans was inclined to regard him. Our banking reformer then went to Italy, where he continued to indulge his passion for gaming, and by his genius for calculation he won large sums. At Turin, he lent money to the famous Vendôme, and succeeded in having himself presented to Victor Amédée, to whom he proposed his scheme of finance. Amédée replied that the system was not adapted to a country in the midst of the Alps, and dismissed him, advising him to take his plans to France or Germany.

The Emperor was then busily engaged in establishing a bank. Law hastened to submit his views. He succeeded no better than with the other potentates to whom he had presented them, so that he had to return once more to his own country, a disappointed adventurer, but a rich man. It was said that the sums which he had won at the gaming-table amounted to two millions of livres. He transferred these two millions to France, and prepared to return there himself. The death of Louis XIV., and the deplorable state of the French finances, made him hope for an opportunity of making the banking experiments which he had so long been meditating; and his hopes were fostered by the fact of the accession to power of the Duke of Orleans, who had formerly shown a disposition to favor Law's schemes. How these hopes succeeded Mr. Senior describes as follows:

In the beginning of the year 1716, the specie circulation in France was supposed to amount to about £40,000,000 sterling, or 800 millions of livres—the mark of silver, which is worth about 40 English shillings, being coined into 40 livres. But for some previous years the quantity of silver denominated a livre had been constantly varying; in 1715, the mark had been coined into 28 livres; in 1709 it had been coined into 40; in 1689 it had been coined into 28; and between 1689 and 1709 had been subject to constant alteration.

Under these circumstances Law established a bank at Paris, called the General Bank, issuing notes payable on demand in livres of the same weight and fineness as those which were current at its institution; promising, in fact, to pay, not a nominal, but an ascertained quantity of silver. The security afforded by this promise enabled the bank in the course of three years to issue

notes to the amount of 59 millions of livres; and if we suppos that about 19 millions of livres were consequently withdrawn fro circulation, the notes of the bank may be supposed to have raise the whole currency of the Kingdom of France to £41,000,00 sterling, or 840 millions of livres. On the first of January, 171 the Government, that is, the Regent in the name of the Kin took possession of the bank. The first alteration was in the for of the notes; the words, "of the same weight and fineness," we omitted, and the note no longer promised to pay anything mo definite than so many livres; being, in fact, a promise to pa whatever the debtor thought fit, as the debtor had the power, i fact was in the habit, of increasing and diminishing the quanti of silver denominated a livre according to his notions of e pediency.

The next change was in the amount of its issues.

The bank issued notes to the nominal amount of 1010 millio of livres, as follows:

Note Issues of Law's Bank in 1719–1720.

1719	April 22	51,000,000
"	June 10	50,000,000
"	July 25	240,000,000
"	Sept. 12	120,000,000
"	Oct. 24	120,000,000
"	Dec. 29	129,000,000
1720	Jan.	21,000,000
"	Feb.	279,000,000
	Total	1,010,000,000

Thus an aggregate of notes was issued in eleven months 1010 millions of livres of the nominal value of rather more th 250 million dollars, or 50 millions sterling; of which at le 600 millions must have been in circulation at one time. Wh part of the previously existing specie remained in circulation doubtful. It is clear, however, that it could not have been withdrawn, as no run was ever made upon the bank for co Its notes, though they lost the premium which they had bo while the establishment continued in Law's hands, still exchang for coin at par.

I must now turn a little backward in the story, and state t while the bank was in the hands of Law and his partners, th received from the Government the exclusive privilege of trading the West-Indies and the French possessions on the continent America (whence the name of the Mississippi scheme has e since adhered to the whole of the transactions originat with Law), to all countries to the east of the Cape of Go Hope, and had been incorporated under the name of "The Co pany of the Indies." The mint, which in France is a source profit, was afterward made over to them, and they obtained lease from the crown, first of the duties on tobacco, and aft ward of all those duties which were usually leased under the

régime, and they were at last intrusted with the receipt of all the revenues of the State. In return for these privileges, besides the annual rents for the duties leased to them, they engaged to lend the Government 1,600 millions (80 millions sterling) at three per cent. To enable them to do this, the bank was restored to them on the 22d of February, 1720; their proceedings, however, were to be under the control of Government, and the King guaranteed the payment of their notes. Five days after followed the celebrated *arrêt* of the 27th February, 1720, which prohibited any person or corporation from possessing any bullion, or more than five hundred livres (twenty-five pounds) in specie.

The most extensive powers of search were given to the police, and informers were rewarded with all the excess found.

At the same time the notes of the Company were not only made a legal tender, but the only legal tender; and the payment of any sum beyond ninety-nine livres (four pounds nineteen shillings) in specie, was made punishable by a fine of three thousand livres.

The object of these laws was, of course, first to force all holders of specie to carry it to the bank to be exchanged for notes; secondly, to prevent their demanding payment from the bank in specie, except for small sums; and thirdly, to give a forced value to the notes, as the only money that could be safely tendered, or safely kept. On the 5th of March, 1720, a considerable sum of specie having probably been received by the bank in the meantime, an *arrêt* was made directing the mark of silver to be worth eighty livres. This, of course, enabled the bank to pay whatever specie might be demanded by the holders of their notes at half the former expense. This *arrêt* continued in force only a week, for it was followed by that of the 11th March, 1720, which declared that on the 1st of April the mark of silver was to be worth only seventy livres, and on the 1st of May, sixty-five; and all use of gold and silver as a medium of exchange was prohibited. As the bank received coin in the meantime at eighty livres the mark, this occasioned a considerable influx of coin to their coffers, in anticipation of its impending reduction in value. In three weeks they are said to have received forty-four millions of livres, worth nominally about one million one hundred thousand pounds sterling. The Government and the bank seem now to have supposed that, the ordinary standard of value, gold and silver, being got rid of, bank paper would be unsusceptible of depreciation or excess; and between the beginning of March and the 2d of May, they issued notes of the nominal value of 1,626,672,910 livres; being more than double the whole average amount of the money of the country. In the beginning of May, there were in circulation notes of the nominal value of 2,235,083,590 livres; being a nominal value nearly three times as great as the 800,000,000 of coin for which they were substituted. Gold and silver coin would of course have disappeared, even if they had not been legally banished. Still for the purpose of

small payment, there was a circulation of small silver coins and of copper, and in these small coins the bank paid those notes of ten livres which were presented to it. It may appear singular that this coinage of small silver remained in the country. As the nominal value of every commodity had been at least trebled in France, we might have expected that the silver would have been collected and exported, and that the failure of the bank would have been occasioned by their subsequent inability to pay silver for their small notes, and such, I think, would have been the case if the whole transaction had taken up a longer time. But in less than three weeks after the last issue of notes, the bank was murdered by the Government. If the Government had not interposed it might have lived in apparent credit for three months longer.

The history of the Mississippi scheme is a proof how ignorant the whole of a cultivated nation may be of the necessary results of their actions. It appears to us obvious that when the currency of the country was suddenly tripled, all prices must have experienced at least an equal rise. The French Government was so little prepared for this result that when it took place, they resorted to the most violent means to correct it. On the 21st o May, an *arrêt* was issued declaring that the bank-notes in circu lation should in future pass at only half their nominal value Now this was not in fact a greater diminution of the value o the notes than the *arrêt* of the 5th of March preceding, whicl had directed the mark of silver to be worth 80 livres insteac of 40. On the 4th of March, the holder of 40 livres in note could demand of the bank a mark of silver. On the 5th o March he could demand only one-half a mark. So on the 20tl of May, the holder of 65 livres in notes was entitled to a mar of silver. On the 21st he was entitled to only one-half mark.

In the first case, the holder of the notes, so far as he was debtor, could throw his loss, or much more than his loss, upo his creditors; in the second case, so far as he was a creditor, h could reimburse himself, or much more than reimburse himsel from his debtors. But in both cases, as between him and th bank, he was equally defrauded; and as the *arrêt* of the 5th o March had not interfered with the circulation of the notes, th Government probably expected that of the 21st May to create a little alarm. But they were mistaken. Though the French publi were too ignorant to perceive the consequences of raising th nominal value of silver, they understood those of sinking th nominal value of notes. Up to the 21st of May, holders o commodities possessing intrinsic value seem to have given then in exchange for the notes in blind confidence that others woul do the same. Others did not, in fact, do the same, for, as price kept rising, the man who in December had sold a given quantit of corn for one thousand francs in notes, would not have beer able in February to purchase an equal quantity of corn, or c

any other commodity, with the same notes. Strange, however, as it may appear, the deterioration of the notes in value does not appear to have affected their circulation.

All that people looked to was nominal value, and while the notes were called livres, nobody inquired what a livre meant. But the instant the denomination was altered; the instant Government declared that a note for ten livres should be worth only five, the baselessness of the paper fabric was detected. The terror was as universal and as blind as the confidence had been. To use Sir James Stewart's words, on the 22d of May, a man with one hundred millions of bank-notes might have starved in the streets. The Regent and his ministers, as much alarmed as the people at the tremendous machinery they had set in motion, tried the most arbitrary and the most inconsistent expedients to control it. They revoked the *arrêt* of the 21st of May, and at the same time raised the denomination of the coin by declaring that the mark of silver should be worth 82½ livres. To stop the run on the bank, they ordered its payments to be suspended.

And when 9,000 livres in paper would purchase only 82½ in silver, an *arrêt* was issued prohibiting any person from refusing to take the notes at par, under a penalty of double the value of the notes refused. Under a similar forfeiture, all persons were commanded to bring back whatever funds they had exported, and forbidden to make any investments in foreign securities. All persons were forbidden to meet together, and soldiers were employed to prevent and disperse all assemblies of merchants and brokers. And when it was found that confidence could not be restored by forbidding people to communicate their fears, and that the credit of the notes was irretrievable, the transaction was wound up by the *arrêt* of the 10th of October, 1720, which, after providing, not for the payment, but for the investment at a very low interest of the outstanding notes, declared that after the 1st of December following they should have no value. . . .

Such, in substance, is Mr. Senior's account of the first great European trial of paper money. For the failure of the experiment John Law's memory will always be held in disrepute. Still it does not appear that he alone was to blame. Neither was his "system" wholly chargeable with the evil which to such a prodigious extent resulted from the financial legislation of the French Government in 1719 and 1720. The fatal errors of Law's system were two. First, he held that paper money, if it rested on any basis of solid wealth besides coin, was just as sound and as firmly established as if it were represented by specie in the vaults of the issuer. Secondly, he believed that the act of the Government could give the potency and value of money to paper which had not the support of coin, or of any other available value with which it could be redeemed. It had been well if these errors, which were so disastrous to France in the beginning of the eighteenth century, had ceased to operate with Law's discomfiture.

THE FRENCH SAVINGS BANKS.

It has often been affirmed as one of the consequences of t recent war finance of the French Government, that the depos of the savings banks of France had shown a notable diminuti since the last loan. The reason assigned was not distrust panic, such as have sometimes caused a run on our savings ban in this country. On the contrary, the depositors have, it seem withdrawn their money from the savings banks in order to inve it in Government securities or *rentes*.

The condition of the savings institutions of France has al received considerable elucidation from the labors of an al economist, M. de Malarce, who has lately been urging in t *Economiste Français* and the *Revue des Deux Mondes* the nec sity for affording to the working classes in France the same fac ties for placing at interest and in security their small savings exist in England, Austria, and other countries. M. de Malar writes with the more authority on this subject because he has h opportunities of studying the working of those institutions in E land, Austria, and Belgium, during recent missions with which was charged by the French Government for that purpose. though the French people are among the most provident Europe, the amount of the money held by the savings banks France has never exceeded, even before the war, 720 millions francs, and it has now fallen to 540 millions, while the sum h by the savings banks in England is 1,490 millions, and in Aust 1,510 millions. The amount per head of the population, M. Malarce reports at 41 f. in Austria, 46 f. in England, and at t moment 15 f. only in France.

One cause of this inferiority he ascribes to the small nu ber of the banks in France. While there are in England m than 5,000 savings banks, postal or private, France, with a lar population, has only 1,142 offices, branches included. There still 1,775 towns in France without any kind of savings ban and of the 34,039 rural communes 170 only are provided w them. The next reason for the small amount of these savings the reduction of the maximum sum that can stand in the na of each depositor. By a law passed in 1835 the maximum w raised to 3,000 f., and the institution of the savings banks acqui such a rapid development that the deposits in ten years increas from 35 millions to 393 millions. The Government, in 18 however, instead of manifesting satisfaction at the success of t measure, became alarmed at the prospect of having to reimbu such a sum at a moment of political crisis, and the maximu was in consequence again reduced to 1,500 f. The crash came 1848, when most of the savings banks were forced to suspe their payments, and even to wind up their affairs. The doctri that the savings banks were an embarrassment for the Governme and a risk to the depositor, seemed to have been demonstrate

and, instead of endeavoring to reform the legislation, a further restriction was placed on the working of the institution, and by a law of 1851 the maximum of each depositor was reduced to 1,000 f. M. Thiers, in his report on the subject issued in 1850, had pointed out the danger very clearly: "To promise always to re-imburse on demand deposits on which an interest is paid, and which the Government is forced to turn to account is," he remarked, "to promise what is impossible, and to expose the State to being unable to fulfill its engagement." In many countries of Europe, and in Austria especially, the rules of the savings banks contain a modification of the safety clause adopted in the United States, fixing the sum to which the banks may limit their re-imbursements on demand, and the graduated terms for the repayment of larger sums, so that the savings banks are not exposed to the embarrassment of having to call in at short notice large sums of money placed out at interest. In ordinary times all sums are repaid on demand, and it is only in moments of crisis that they restrict their payments to the conditions of their contracts. Under that protection the savings banks in Austria were able to pass unscathed through the great financial crises of 1848, 1866, and 1873. It is in that sense that it is now proposed to modify the legislation on the savings banks in France.

A bill in which most of the recommendations of M. de Malarce were adopted, was presented to the National Assembly in August, 1872, by several deputies, one of whom was the present Minister of the Interior. It was perfected by a special committee, and will be acted upon during the coming session. So far as may be judged from the conclusions of the committee, the bill will contain provisions, to authorize the Minister of Finance to employ the receivers of taxes and the post-offices as agents for the savings banks; to increase the maximum to 3,000 f.; to permit minors from the age of 12 years, and married women to open accounts and withdraw deposits; to confer on the State the right, by a decree of the President of the Republic, drawn up in a Council of Ministers, in urgent cases, to only re-imburse the deposits by installments and at stated intervals, provided that the installments be not less than 100 f. per month for each depositor; and to appoint a general Commission of Savings Banks, presided over by the Minister of Commerce, to advise the Government on all matters connected with the working of the savings banks, and which would be composed of Deputies, Regents of the Bank of France, members of the Chamber and Tribunal of Commerce, Directors of the Paris Savings Bank, and other prominent persons.

Several things may be instructive to the American reader in these propositions. We may at first well be surprised that the general Government should be expected to take so much more prominent a part than would be needful in this country in the task of managing the savings bank system. But this is only an instance of the high administrative centralization of the French Government. Secondly, we may wonder what the people have

heretofore done with the major part of their savings, and how they have contrived to find a substitute for the savings banks, which in this country, as in England and on the continent, retain and aid the accumulation of so important a part of the national capital. One answer to this latter difficulty is, that with the French people the investment of savings in their real estate supplies the place of a savings bank; and, secondly, a very large portion of the people have money invested in business or in *rentes*. Still these expedients will not suffice to perform more than a very small part of the functions of savings banks in promoting and fostering the growth of the national wealth. For as is well known it is a principle of economic science that capital has a tendency to increase in proportion as safe means of investment at a fair rate of interest can be provided and made easy of access to the body of the people.

It is true that in France, as in other countries, there would be adequate motives for a certain amount of saving, even if capital yielded no profit. There would be an inducement to lay by in good times a provision for bad; to reserve something for sickness and infirmity, or as a means of leisure and independence in the latter part of life, or a help to children in the outset of it. Savings, however, which have only these ends in view have not much tendency to increase the surplus capital already in existence. These motives only prompt each person to save at one period of life what he purposes to consume at another, or what will be consumed by his children before they can completely provide for themselves. There are always some persons in whom the effective desire of accumulation is above the average, and to whom less than the ordinary *minimum* rate of profit is a sufficient inducement to save; but these merely step into the place of others whose taste for expense and indulgence is beyond the average, and who instead of saving, perhaps even dissipate what they have received.

The hope of elevating one's condition in the world tends most effectually to increase the national wealth in proportion as it affects a larger number of the people. In France the bulk of the population are poor, their daily income hardly sufficing to buy their daily bread. Their savings, if it is possible for them to make any, must be in very small sums; and the inducement for them to be frugal must depend on the possibility of immediately investing such small sums to advantage. One of the great improvements of modern civilization consists in the means afforded, the machinery contrived, for collecting these driblets of wealth, and bringing them together into large reservoirs, whence they issue in abundant streams, giving efficiency and fertility to labor throughout the land. The water which falls in drops upon the desert sinks through the sand, and leaves the ground arid and barren as before; but when collected in great tanks and cisterns it turns some portion of that desert into a garden. A century or two ago, if the laboring part of the population made any savings, they were in the form of little hoards of silver or gold, hid in an old stocking, or buried in

the ground. But because the money thus stored was unproductive, and yielded no interest, and because it was always on hand when the owner was for a moment tempted to some indulgence and consequent expense, the number and amount of such hoards were always small. Now, through the multiplication of the branches of retail trade and the lesser mechanic arts, and through joint-stock corporations and savings banks, the first one-dollar bill which the laboring man or woman saves from the month's wages is profitably invested, and, by the end of the year, is increased by the twentieth part of itself. When this saving has reached a very moderate amount, it can be made to accumulate at compound interest, and thus to double itself in twelve years. In many cases, it soon comes to be used by the owner himself as capital; that is, it is invested in the purchase of tools or machinery, or a small stock in trade; and it may then accumulate at the rate of ten or twelve per cent. a year,—that is, it may double itself every six or seven years.

In the United States, even more than in England or France, we may venture to affirm that at least one-half of those who are usually called wealthy men, have begun with small savings and have obtained their wealth very nearly in the manner, or through the process, just described. This leads us to perceive that the aggregate of the small savings made by the bulk of the population, who have very small means, may constitute, and in this country actually does constitute, a larger annual addition to the whole amount of national capital, than the sum of the much larger savings made by the few who are usually considered as capitalists. The customs of society in some countries require the style and expensiveness of living to come much nearer to the individual's whole income than is usual in France, so that most of the owners of landed estate who have the largest incomes, do not make any savings at all, and may even run in debt, or encroach upon their capital.

The French savings bank system dates its origin from the year 1818. But for the first twenty years of its existence it made very slow progress. During the reign of Louis Philippe the material interests of France and the growth of its productive industry received an active impulse, and the savings banks soon showed a rapid increase. They are founded on a crude system, however, and many plans have been at various times proposed for their re-organization. One of the best is that offered by M. Wolowski in 1846. He proposed that a large part of savings bank deposits should be loaned on real estate, and that the danger of a run on the savings institutions should be obviated by the bank retaining the option of requiring notice prior to the withdrawal of money by depositors. His suggestions have not yet been adopted in France; but in the United States, and in other countries where they have been put in practice, they are found conducive both to the stability and usefulness of savings institutions, which, as M. Lamartine says, are among the most powerful means of stimulating thrift and other good qualities of citizenship among the masses of the people.

MR. BLAINE ON MUNICIPAL, STATE AND COUNT DEBTS.

Some of the most popular financial topics which have be mooted since the panic of last year, arise out of the validity, t amount, and the expediency of the local indebtedness which h been created since the war, for the construction of railroads a for other purposes. Several of these questions were elucidated wi earnestness by the Hon. James G. Blaine, in his address befo the Northern Wisconsin Agricultural Association at Oshkosh the first of October. After a brief sketch of the history of t funding system in Europe and in this country, he said he wou leave the consideration of our national debt as an obligation within the limits of the present discussion, except generally a with a view to contrive the best and most honorable means reducing and discharging it. He would invite attention to th less observed but even more burdensome forms of obligation c tracted by States, counties, cities, and smaller municipalities, a contracted oftentimes with an extravagance and prodigality t seem to invite calamity. In reflecting on this subject, it would observed at the very outset that our form and framework of g ernment give extraordinary opportunities for the use of pu credit. We have first the General Government, which borro on the faith of the nation; next the State Government, wh borrows on the faith of the State; next the county, which b rows on the faith of the county; next the city or town, wh borrows on the faith of municipal credit. Now, when this wh series of credits, four in number, are used as they so often a nay, used almost everywhere, the quadruplicate burden falls hea on the shoulders of the people. The four taxes operate at last the same man, and each piece of property in some way cont utes its share towards satisfying the demand. He did not th that any other nation could be found in which the power to c tract debt had been so extended as with us; in which the sa communities might be made to assume public obligations in many relations, and each one operating for the time in a so what independent sphere. The tendency of each is to enlar regardless of the dimensions and demands of the others. Wh the city is pledging its credit, it seems to forget that a heavy d is already upon the county of which it forms an integral part; county freely incurs debt without apparently remembering t every estate in it is already encumbered by a direct tax to p the interest on a debt of the State; and the State too often ma lavish use of its credit without pausing to reflect that every c of its citizens is already burdened by the tax which he is payi to liquidate the debt of the nation. And when in the end nati and State, and county, and city have each and all imposed th burdens, the citizen finds that while the tax is increased fourfo the property to meet it has not experienced a similar developm

and growth. Our power in this country to cumulate fiscal burdens may certainly be regarded as peculiar to ourselves.

There are in the United States sixteen cities having each a population exceeding one hundred thousand, and an aggregate population of four and a half millions. Each is a city with special advantages which cannot be taken from it; each, in the language of the day, has a large future; each has abundant wealth and still larger prospective resources. They embrace, when taken collectively, the trade of Atlantic and Pacific, of gulf and lake coasts, besides all the great interior rivers of the continent and the converging traffic of thousands of miles of railway. Surely, one would think that each might bide its time and patiently await its well-assured prosperity without being compelled to borrow largely, in some cases almost recklessly, of the future. And yet, taking these sixteen cities together, we find their municipal debts amount to $ 350,000,000, being $ 80 per capita for their entire population, and presenting in the aggregate an amount which prior to our war experience would have been considered a large burden for the nation. It would be a gross injustice, however, to leave the inference that the average debt of these cities is over twenty millions of dollars, for, indeed, a single city, the commercial metropolis of the nation, presents a debt embracing nearly one-third of the entire amount, while several of the cities on the list have debts of comparatively insignificant proportions.

The class of cities next in size to those just referred to, those having each a population exceeding fifty thousand and less than one hundred thousand, are twelve in number—having an aggregate population of about seven hundred and fifty thousand. Their total debt does not exceed $ 30,000,000, which gives about $ 40 per capita for the whole list. Taking the next class of cities, having each a population exceeding twenty thousand and less than fifty thousand, there are in all some fifty-three in the United States, with a total population of something over a million and a half. Their total debt cannot be less than $ 75,000,000, or $ 50 per capita. As to the cities and towns throughout the United States having populations between ten and twenty thousand each, they comprise in all one hundred and five cities and towns, whose aggregate population amounts to nearly 1,400,000, and whose aggregate debt is somewhat over $ 35,000,000, or about $ 22 per capita for the whole. Adding these four classes together, it presents a table which embraces the cities and towns of the United States having over ten thousand inhabitants each—of which there are in all one hundred and eighty-six, with an aggregate population exceeding seven millions, and a total municipal debt of about $ 490,000,000. The towns having less than 10,000 inhabitants each may be estimated as having an aggregate indebtedness of about $ 80,000,000—making the total municipal debt of the country about $ 570,000,000. Added to these municipal debts proper, we find the county debts of the entire country amounting to about $ 180,000,000, and the State debts to about $ 300,000,000—making

a grand aggregate of $1,140,000,000 of public debt of State counties, cities and towns.

Mr. Blaine's total is nearly $300,000,000 greater than that the Census of 1870. The addition, he explained, "has not bee made within the four succeeding years; but a part is due, I thin to incomplete returns made to the Census officials. I have bee at some pains, by original investigation and inquiry, to get at th aggregates of State, county, and municipal indebtedness, and whi I do not assume to give details or vouch for absolute accurac I think the totals I have given may well be taken as approximat reliable statements. The difficulty in attaining perfect exactness statement results from the imperfect manner in which statistics a gathered in the several States. I have found, indeed, very fe States where the State officers were authorized by law to ke anything of record in regard to debt except the direct obligatio of the State. In Massachusetts, where great attention is paid accuracy of statistics, I have been enabled to get precise inform tion, and the entire footing of that commonwealth, of Sta county, and municipal debts, shows a grand total of $97,500,0 subject to a sinking fund deduction of $11,000,000 — leavi $86,500,000 as the net debt of that State. A very large burd it would seem—and yet such is the wealth of the State that t entire debt does not constitute more than four per cent. of valuation, and probably not two and a half per cent. of its act wealth.

"The State debts in many instances, both in the former and t latter times, have been contracted without due caution, and as natural consequence the money realized from borrowing has be oftentimes expended with an extravagance which would hardly tolerated in the disbursement of moneys raised by current taxati I venture the assertion, based on some scrutiny into the facts, t taking the aggregate of State debts as they stand to-day, th has not been realized on the average, fifty cents of palpable, p manent value for each dollar raised and expended. In some ca the improvidence has led to even worse results than this. I glad, however, to be able to congratulate the proud and prosp ous commonwealth whose citizens I now address, on the fact t their debt is very small and is rapidly decreasing, and that consequence thereof you can realize to yourselves, and assure those who may cast in their lot with you, that an inexpens Government and light taxation are your comforting prospects the future. And what is true of your State is no less true your sister States of this great section. Taking the seven gr States of the North-west, and with an aggregate population more than eleven millions, and property worth over $8,000,000,0 their combined State debts are less than $25,000,000. Had th great commonwealths exercised as prudent a care against cou and municipal debt, they would present to-day the most flatteri balance-sheet of any civilized communities on the face of globe.

"In regard to the aggregate municipal debt of the country, it

not, of course, to be inferred that it could all have been wisely avoided. Credit, prudently used and safely guarded, is one of the great engines of modern civilization and advancement. With municipal governments its use at times seems imperatively demanded. But I think our cities have been too ready to draw on the future. Expensive municipal buildings, loans of credit to outside enterprises, not needed and often visionary, have led in some large cities to a growth of debt for which there is no corresponding return and no adequate advantage.

"Another evil results from the facility which such debts give to the capitalist for a ready, safe, and profitable investment of his surplus, thus saving him from the trouble, and depriving the community of his embarking in some active business. It is a matter of serious consideration whether these large municipal loans have not had a prejudicial effect on the price of money—tending continually to create stringency in the money market and raise the rate of interest to the borrower and the business man. There is a loud outcry in all quarters against the high rates charged for money, and yet if States and great cities will flood the markets with their obligations at seven per cent., and oftentimes at a higher rate of interest, how can any borrower on mere individual credit expect or hope to negotiate loans at the old-fashioned six per cent. rate, which in so many sections of the country was formerly the rule?

"If, then, we have not exercised sufficient care and circumspection in regard to incurring State, county, and municipal debt in the past, what is the remedy? I answer, first and foremost, an awakened, active, well-balanced judgment, which will suggest, demand, and enforce a wise caution and conservative course on this subject. I have no patent remedy to propose, and yet I venture to suggest that the Legislatures of many States have altogether too large a power to create debt without referring the subject to the people for their primary consideration. . . . It might also be a wise and salutary provision to define in State constitutions the precise ends for which municipal credit should be used—limiting those uses to proper and restricted objects, and forbidding in any event the creation of a debt beyond a specified percentage of the official valuation of the city or town; providing at the same time a judicious safeguard against the overlapping of county debts, so that while the town was guarding its credit with care it should not be involved in the embarrassment caused by an extravagant extension of the credit of the county. And finally, as a governing principle, it would be well to apply to all State, county, and municipal debts, the wise precaution contained in that famous and well-remembered rule laid down by Mr. Jefferson as the basis of all sound national credit:

"'Never borrow a dollar without laying a tax at the same instant for paying the interest annually, and the principal within a given term; and consider that tax as pledged to the creditors on the public faith. On such a pledge as this, sacredly observed, a Government may always command, on a reasonable interest, all

the lendable money of its citizens; while the necessity of an equivalent tax is a salutary warning to them and their constituents against oppression, bankruptcy, and its inevitable consequence— revolution.' "

After some illustrations of this point, Mr. Blaine concluded a follows: "The inquiry is pressed home to us, why, in view of ou enormous income and earnings, are we such a borrowing nation If we earn and receive more each year than Great Britain, o France, or the German Empire, why are we borrowers from them? Why do they and not we hold the bulk of our nationa securities, besides so vast a proportion of State loans and railway indebtedness? The question is a serious one, but the answer i easy. It is simply because we spend more lavishly than an other nation in the world. Our people live better and live faste have more abundant food and better clothing, more expensiv houses and furniture and outfit and equipage than those of an other nation in the world. So that with all our enormous incon we save far less than some European nations, whose gross annu receipts are far below ours. But if for a single decade w should by any concert of action live on as economical a scale this country as they do in the most favored European kingdon or as we did ourselves only twenty-five years ago, we shou save enough to recall every American stock and bond from t coffers of foreign bankers, and should pay off with ease our ent national debt, or at least have it held among our own peop which in itself would constitute no small decrease of its burd

"With a population so widely extended, with local interests greatly diversified and often in seeming conflict, it is not to expected that so great a Government as ours can at all times administered with perfect satisfaction to every section and to eve citizen. But we daily grow to know more of each other, and am sure it will be found in the East and in the West, in North and in the South, that the more intimately they become quainted and related, the better they will like each other, and less will appear the differences that sometimes divide them. Ta and currency, internal improvement and cheap transportation, all susceptible of fair settlement after full discussion; and in final arbitrament of a wise statesmanship it will be found in gard to these questions and all others of like magnitude, that interest of one section is the interest of all, and that the m perfect Union which our fathers sought to establish will be fu and finally realized when each section is unwilling to enjoy undue advantage over any other, and when all sections are a ready to be governed in what they ask and in what they g in what they demand and in what they concede, by that spirit patriotism which always obeys the authority of principle, always yields to the despotism of duty."

BONAMY PRICE ON THE CAUSATION OF PANICS.

At the request of the Chamber of Commerce Mr. Bonamy Price, the Professor of Political Economy in the University of Oxford, England, was invited to address the Chamber on the subject of financial crises. Mr. Price has occupied for the full term of five years the Chair of Political Economy at Oxford. He is well known as a writer on financial questions; and his lectures on the currency are well known and highly appreciated both in England and in this country. His address was extempore, and we preserve his language and colloquial style as far as possible.

After a few preliminary observations, Mr. Price said the question proposed for discussion was as to the nature and causes of financial crises. They were spasms and agonies in the commercial system. The symptoms of a panic are disturbance of the money market, difficulty of obtaining advances, high rates of discount, great firms in danger, who is sound and who is unsound unknown, whose money is safe and whose is unsafe a matter of great uncertainty. Just as it was seen in England in 1866, it is a time when those who are the strongest are exposed to the most formidable dangers. There was probably no institution in London more exposed to peril in 1866 than the great London and Westminster Bank, the largest in England and one of the ablest conducted. The cause of the crisis was simply alarm; those vast bodies of people who had intrusted funds to this institution got into a state of overpowering terror. In that paroxysm of wild terror, all rushed for their money, every body catching the contagion, which became more catching because it was unreasonable. There is nothing more irrational than alarm which has no definite cause; which does not know what it goes upon; which, therefore, suspects any cause of mischief because it has none that it can put its finger upon. We know the agonies of that time. We know that the greatest firms, especially old banking firms, were in infinite alarm. We know that the extent to which the evil might rage was absolutely uncertain, and we know and have seen in England, that the fathers of the city, the great bankers and wise men, sat in council all night and asked each other "What is the cure?" But a panic is not easily cured by sitting up all night.

Some would say, from their recurrence, that they come under some physical law; are a periodic visitation like a comet with a decennial period. A ten-year hurricane is given by some as a law of the money market. You are bound to be ruined every ten years. You are not conscious that you have done any wrong, but it is simply a great typhoon raging over a great number of agitated minds. Is this so? Is it a law of business that amounts

to a physical law? If so, it certainly is a most extraordinary phe nomenon, and one which requires very much bigger proof tha the recurrence of panics. There would be a very unpleasa result, for if it is a law inherent in business there is no remed We cannot cure typhoons and equinoctial gales. If they are t law of the money market you must reduce your sails, stand your helm, and you may possibly get off with the loss of a ma or two. But of all that Mr. Price said he believed nothing. T cause of these panics can be stated, and when you know the dang and the cause likely to disturb, you can take proper precautior

Now, it is not the magnitude of the loss alone which constitut a crisis. A bad harvest in England is a loss of £30,000,00 that is, in such a case you have got to buy or purcha £30,000,000 worth of capital twice over. You have sov you have tilled, you have put the manure on the land, but August rain comes in, the corn is not matured, and you h got to live,—so you must buy it from the stranger. But t produces no panic, no financial agony. It is a dead loss calamity sometimes bigger than a calamity in the money n ket. But it does not generate a financial storm. The sam true of war. War is the most destructive thing in the wo It is a deliberate work of men to destroy; they destroy fo clothing, iron, ships. Nothing destroys like war. It is the n uneconomical thing on earth. But a war does not necessa produce a panic. It is this terrifying fear which we know acc panies a hurricane in London. Very well. Again, take a co famine in England. It was a terrific loss of money. The pro tion of wealth in those districts was paralyzed because Ame had no cotton. The poor men had no wages. All that vast paratus of capital was earning nothing; consuming, buying, not selling. But there was no panic. That year is not merated as one of storm. Therefore we don't get, by mere struction alone, into a reign of panic. Then again there is anc curious thing to be observed. The typhoon has this chara that it whips up the water terrifically in a particular spot, but neighboring waters are dead calm. During the whole of the in 1866, in 1847, and other times, when money charges wer 20, when people could not get advances on the best secur when the bank had to say, "I can't," all this time the marke advancing money on agriculture, to squires and country gentle was so that they could get all they wanted at 4 per cent. is absolutely historical. Therefore these convulsions have s thing very peculiar about them. The real fury of the storm its national importance as well as in its effect on individual its bearing upon banks, upon discounts. It is not so much pressure of high rates, though that is bad enough, but it is impossibility of discount which constitutes the terrific agitation loss to the nation.

Modern trade is conducted after a peculiar method. In York, as in England and everywhere else, business is carriec

with other people's capital. The traders are not the people who provide the capital for their own operations. Some they do provide; the bulk certainly not. The distinctive peculiarity of modern trade is that it is carried on by bills, and bills have to be discounted, because a bill means, "I cannot pay to-day, but I will pay this at three months." The goods are given, the sale is completed, and the man who sells holds in his hand a piece of paper which says that after three months he will have his money, but not before. The man so circumstanced wants to go on with his business, which he cannot do if he has to wait three months for his funds to come in. How are his workingmen to be paid or his ships and cargoes to be sent away? That is done by discounting bills at the banks. The national strain of the crisis and its chief sting and danger arise from its action upon the general trade of the nation by paralyzing the discount market. This discounting takes place in banks, and, therefore, we now see the locality of the storm. It is somehow or other connected with banks.

Banks, Professor Price said, were peculiar institutions. He had known Directors and Governors of banks, and among them all he had found but one who could answer him the simple question, "What is a bank, and what does a bank deal in?" The only banker whom he had found to answer that question was Mr. Pollard, the founder of the great London Joint-Stock Bank. One could readily tell what a grocer was and what a fruiterer was, and the articles which he sold, and so on with every other trader. But when it came to a bank, the question was by no means so easily answered. It was marvelous that in this nineteenth century such a great profession as that of banking should be without a distinct definition. It was needful to have an answer to the question, "What is a bank, and in what does it deal?" To understand the meaning of a crisis, we must know what a bank is. Gentlemen would possibly say that a bank dealt in money. He denied that flatly. Banking is not an affair of money. He wrote in *Frazer's Magazine*, several years ago, that a bank did not deal in money above the proportion of one part to thirty of its business. In order to have this proposition perfectly understood, he wished the gentlemen present to understand what money was. What, he asked, was money? Stamped coin was the only true money, but nevertheless he was willing to include the bank-note as money; although it was not so in a scientific sense. A bank-note was not money, for the reason that it merely promised to give a thing, but was not the thing itself. Therefore, all who tendered a bank-note merely said, "I will give you money when you ask for it, or when it is convenient for me to give it." Still, he was willing to concede that bank-notes might be taken as belonging to the category of money, although scientifically it was not so. Papers were merely written evidence to send the Sheriff after a man if he did not find coin to the amount stipulated by them. What, then, was it that distinguished a bank-note, so that in a second-

ary sense it might be regarded as money? What was it that d
tinguished it from checks, bills, and the like, to which he den
the possibility of giving the title of money? It was this—
anonymous character of the bank-note. If he sold his horse
a fair to a stranger, he would not take payment in the shape
a check until he had made the necessary inquiries concerning
person presenting it.

To prove that a bank did not deal in money above the prop
tion of one part in thirty of its business, Sir John Lubbock,
the banking house of Robarts & Co., made an examination
actual transactions in that bank to the amount of £19,000,0
and he discovered that the actual cash payments were but
part in thirty-three, and that of actual coin there was only
shillings in every £100 of this aggregate. The conclu
which he therefore arrived at was that banks do not
in money. A bank of course required to use some money,
as all other trades did, but Sir John Lubbock's analysis, ext
ing over £19,000,000 worth of business, showed that what
used both in cash and coin was only one part in thirty-three
a fraction. The business of a bank, he said, would turn
the debts to be collected—the pieces of paper pushed
upon the table implying that Tom, Dick, or Harry owe
and so. It was the banker's business to collect these p
of paper expressing debts, and to collect the debts.
did the banker do? Did he go and get the money he
entitled to on these pieces of paper? No. The cotton
had lodged with him £5,000 of cotton bills, and the silk
went to him and said that he wanted to buy silk; that he
security which was not at the present moment available;
in fact, he did not wish to sell the securities which he
The banker replied that he knew the cotton man would not
on his bills for a month—he might draw at any time, bu
knew from his habits of business that he would not draw
month—and that, therefore, the silk man might buy silk
month. How then did the banker collect the cotton man's
By creating a fresh debt, in which he was himself the le
At the Clearing-House, at twelve o'clock, there was a chec
him for £5,000 to be collected, but he had told the silk m
go and buy silk and draw upon him, and accordingly at
same hour he found checks for £4,000, or, as they brought
ters down to a much finer point, it might be for the
£5,000 standing against him. Therefore, the process th
which he went was that of collecting the £5,000 of cotton
for the cotton sale and lending that £5,000 of buying pow
the dealer in silk.

On this analysis of the general course of banking bus
Mr. Price defined a bank as an institution for the trans
debts. Some writers with good reason had defined a bank
institution for the transfer of credits, but he considered i
better to describe a banker as essentially a broker, an interm

agent between two principals. To the cotton man the banker stood in this relation. The cotton man gave him £5,000 of bills to collect, and he understood from his ways of business that he would have that £5,000 at his command for a month. To the silk man he stood in the relation of a creditor. The man who sold the cotton had a purchasing power, and he said to the banker that he did not want to buy anything for a month. He still had the power of buying £5,000 of any goods; but that power he transferred to the banker, who in turn transferred to the silk man the money that came from the bales of cotton. It was paid for in silk, the only meaning of the word "selling" being the exchange of equal goods. The banker was enabled to buy, or to permit the silk man to buy by virtue of the cotton bills, and he was himself merely the intermediate agency who undertook to find for the cotton man a person who would use his purchasing power.

From this demonstration a tremendous quantity of conclusions, Mr. Price said, could with ease be deduced. What, however, came to us with the greatest force was the exposure of the incredible delusion which infested the City of London, which infested every newspaper, and which permeated every branch of trade, that banking was an affair of money; that when there was plenty of money there was a quantity to lend, and that when there were disorders they were in the currency, and that from currency the cure was to come. This, he said, was believed in the full light of the nineteenth century. It was stated by Chancellors of the Exchequer, men of great culture, with the utmost gravity; and then, when the crisis came, the Chancellor was asked to let the Bank of England issue more notes, and then people would be saved. Banking, he reiterated, had nothing to do with currency, except in respect to one point, which he could not then refer to with any degree of detail, and that was when a bank was empowered to issue notes. Then, of course, to the extent to which he sold notes, there was a resource in the banker to lend money upon discount. That resource was gradually becoming more limited, and at present stood at about £15,000,000 in the Bank of England. Outside of this single relation, banking had nothing to do with currency. It was true, the banker was obliged to pay his debts in currency, but then so was every other man. What was got out of all this investigation was the demonstration that it is in the region of the banks that we must chiefly look for the origin and active causes of all the typhoons and hurricanes which disturb the money market, and it was therefore interesting to see the forces that operated in the ordinary prosecution of a banker's legitimate business. It should be understood that it was not the three parts which represented the money in the business of banking which so operated, but the ninety-seven other things, goods, property, stores of all kinds, parted with and given away, the contract being expressed on pieces of paper to pay the money on demand, or at a time specified. That was banking. Therefore, if banking was

abundant, it was because many goods had been sold, and t sellers of the goods did not want to buy much. Banking w easy, discount was low in proportion as men had given away sh loads of goods, and had not bought in the same proportion. E when it was the other way, matters ran differently with the bank When the farmer had lost his crops, when he had little or wheat to sell, when he had many things to buy, when he pass no balance into his banker's hands, but possibly was obliged ask his banker to lend, then the picture was reversed. From facts he said, banking appeared to be a brokerage of a certa kind which was prosperous as people sold, and did not want buy up to the extent of their sales. The banking system did measure its purchasing power with coin and bank-notes, but w the ninety-seven things sold, which gave the great power of le ing. The secret of prosperity was not in the matter of curren but in the great quantity of transactions between sellers and b ers in the ordinary course of commerce and trade.

As to other causes of panics, Mr. Price said that it was necess for him to go back again to the silk man and the cotton dea between whom the action of the banker was just like that o dollar. Suppose that, instead of lending to the silk man, bought and sold, whose business went on regularly, he £50,000 to a gentleman of great estate, whose land was cap of great improvement, and who wanted to spend the money the purpose of drainage. This, he said, was a more favor case, so far as panic was concerned, than the case in which b ers themselves speculated. The gentleman went to work, ca on the draining, paid laborers, who ate, drank, and wore clothes out. The work might take a couple of years, and all time there would be going on a great destruction of prop which was not reproduced. The silk man sold his silk and it reproduced, but here was a different case in which the repro tion came about at best by slow degrees. If they were to se the citizens of New York to digging holes in the ground and filling them up again, they would find that the city would starved out in a year, or that when the operation had com an end there would be nothing left. The results of the drai would come about in ten years, but meanwhile there would little or no reproduction of capital. If instead of draining were to make railways, docks, and the like, then they would destroying that which they did not replace. Poverty meant there were no goods to sell, and then bankers and their reso failed, because sellers failed. Crises were, he said, the consequ of the destruction of property which was not replaced, and the true children of poverty, and were never more fostered when bankers encouraged enterprises such as railways and like, which were most useful and excellent things in themse but which would not replace that which was destroyed for tw or perhaps fifty years.

In the construction of railways it was a fundamental prin

that such great public works might be constructed without danger of panic, provided the outlay upon them did not exceed, in any year, the aggregate of the national savings. It was true that to the savings of the year you might add the accumulated unspent savings of previous years and invest the whole in railways without producing a panic. But if this amount was exceeded,—if a nation spends more in any year than the sum indicated, then a panic is liable to follow. The President of the Chamber, Mr. Wm. E. Dodge, had said that railways in this country had been made so rapidly because of the belief that the rich lands of the West would be very productive if good railroads connected them with a market. This was true. But if the savings of the country were not adequate to the construction of these new roads the principles just expounded would show that trouble must inevitably result. A somewhat desultory conversation followed, at the close of which Mr. Price concluded by urging bankers not to conduct their business by "the stupid rule" of looking at their gold or at their currency, but to take a broader field of observation, to watch the movements of the "ninety-seven articles," which chiefly control the movements of banking and finance, rather than at the "three articles," which only help to control those movements. In other words, bankers should watch the contingencies of trade, the movements of goods, the prospects of the harvests. They would be better bankers in proportion as they were intelligent and skillful in discerning the true sources of commerce, in measuring the real causes of prosperity, and in foreseeing in time the approach and the danger of impending panics.

The conversation we have referred to was invited by Mr. Price, who put frequent questions to the Chamber, and evidently wished to render his address as practically useful as possible. In response to a question, Mr. Day said, that the "savings" of any country were the surplus of production over consumption; and he asked the lecturer how he reconciled what he had just said with the statement made at the beginning of the lecture, that panics were not the result of sudden losses. Mr. Price said that when panics were caused by destruction of property, it was because this destruction exceeded in amount the aggregate savings of the country. This did not occur in the case of the cotton famine, in the case of the war, in the case of a deficient harvest, because in all those great national emergencies there was a wholesome diminution of expenditure. All over the country the masses of the people economized. They had a certain sum to spend, but they spent less.

Mr. George S. Coe asked what was the duty of a bank during the height and pressure of a crisis. The lecturer said, that if a bank had sinned it must suffer, and on the question being pressed, he added that a banker's duty was to prevent panics by refusing to advance on dubious securities, and by strengthening himself beforehand, when from the symptoms in the financial and commercial horizon he saw signs of coming trouble.

Mr. George Opdyke reminded the lecturer that he had said that nothing was money but gold and silver; and asked whether our greenbacks could be brought under that definition. To this Mr. Price promptly answered, that although the scientific definition of money was as he had stated it, still the paper money issued by the United States Government was undoubtedly money, being made by law a legal tender for the liquidation of debts and the discharge of contracts. This was a secondary sense of the word money, in distinction from its primary sense as before given. In seconding the vote of thanks to the lecturer, Mr. Peter Cooper said that one of the points which the address had made clearer to his own mind was that money in any country is created and receives one of its chief sanctions from the authority of the Government. Mr. Wm. E. Dodge said that the chief questions of practical importance were two: First, how can banks regulate their investments so that their whole resources may flow back within short periods; and secondly, how can banks strengthen their reserve so as to be always ready to meet a draw, even if this influx is temporarily stopped by panic?

SUGGESTIONS AS TO THE CHEQUE CIRCULATION OF LONDON.

About a century ago, in the year 1772, one of the earliest and most important consequences of the monopoly of the Bank of England began to be developed. This was the discontinuance in London of the issue of bank-notes by the private bankers who had enjoyed that privilege for some eighty years previously. The notes of the Bank of England had gradually crowded out all other paper circulation, and the old private banks found it impossible to keep their notes afloat in London. A new plan was therefore adopted. When deposits were received or discounts made, the bank simply gave its customers credit for the amount in its books. As the system was perfected, the bankers gave their customers blank cheque books as a substitute for the old bank-notes. Familiar as this expedient is to us, it has made much slower progress among the provincial banks of England and throughout the continental cities of Europe than in this country. When we come hereafter to discuss the country banks of England and the credit systems of France and Germany, we shall find abundant evidence of this.

Mr. R. H. J. Palgrave has recently published a small work* on banking, in which some of the effects of the modern methods of banking are analyzed in a very masterly manner. Among others he illustrates the change we have just mentioned. He traces out the steps by which new banking economies have been contrived s

* "Notes on Banking in Great Britain and Ireland, Sweden, Denmark, and Hamburg." By R. H. J. Palgrave. London: John Murray, Albemarle Street.

that during the last hundred years a gradual revolution has been taking place, which has been peculiarly rapid since 1844. He shows how the function at one time principally discharged by notes was largely transferred to bills of exchange, and how notes having been in great measure superseded by bills, bills in their turn were superseded by cheques. This change had, indeed, made considerable progress in 1844, when Sir Robert Peel's Bank Act was framed, and at first sight it seems strange that at that time currency legislation should have been directed exclusively to the regulation of bank-notes, which were even then giving place to other circulating media. "It is only from an historical point of view," says the author, "that we can at the present time understand the great importance ascribed by Sir Robert Peel to regulating the amount of bank-note money in circulation, whether these notes were issued by the Bank of England, Private, or Joint-Stock Banks." In 1844, Sir Robert Peel had fresh in his memory the circumstances attending the resumption of cash payments in 1819, and his anxiety to insure the convertibility of the Bank of England note can, therefore, be well appreciated. But in the interim between 1819 and 1844 notes had lost much of their relative importance. In the former year, the total Bank of England and English country notes in circulation amounted to £41,000,000, and the total gold coin then circulating in England is estimated at not exceeding £10,000,000; whilst in the latter year, the note circulation of the whole United Kingdom was only £37,000,000, although the gold circulation was estimated at £36,000,000; thus, in 1819 the amount of notes was about *four times the amont of gold*, whilst in 1844 the two were *nearly equal*. Since 1844, this alteration in the relation of notes and gold has further continued, and in 1872 the note circulation of the whole Kingdom was £43,000,000, against £105,000,000 estimated metallic circulation, the former being now, therefore, much less than one-half the latter.

Compared with the amount of business done in the country, as indicated by the foreign trade, the decreasing importance of notes is again apparent. "In 1819, the imports and exports together were not twice the amount of the note circulation. In 1844, they were about four times as much. In 1872, they were more than fourteen times as much."

Now, as notes have thus fallen out of circulation, their place has gradually been filled by cheques; and this fact will be very evident from an examination of the following table, in which the exports and imports of the United Kingdom are compared with the amounts passed through the London Clearing-House, and with the total bank-note circulation of all the banks in the United Kingdom. It should be noticed that exports of British produce are alone included in the calculations, as more closely representing British trade than the total exports, which include foreign and colonial produce:

Year.	Increase per cent. since 1868. Total Exports and Imports. Per cent.	Clearing. Per cent.	Bank Note Circulation. Per cent.	Proportion of Total Exports and Imports to Clearing (Clearg.=1).	Proportion of Total Exports and Imports to Circulation (Circuln.=1).	Proportion of Clearin to Circu- lation (Circula tion=1).
1844	..	..	..	..	3	*40
1868	..	..	..	0·137	12	87
1869	2	4	..	0·134	12	90
1870	6	14	1	0·128	12½	97
1871	16	38	6	0·115	13	113
1872	29	71	9	0·103	14	135

It will be seen from the above figures, first, that, although th business of the country, as represented by the exports and import has increased since 1868 29 per cent., the total note circulatio has increased only 9 per cent.; but, on the other hand, that th total clearing has augmented in the same time no less than 7 per cent. Secondly, that the relative amount of note circulatic has declined from *one-third* of the total exports and imports i 1844, to *one-fourteenth* of their amount in 1872; whilst the pr portion of clearing to exports and imports has increased consider bly since 1868, being in that year as 1 is to 0·137, and in 187 as 1 is to 0·103. Or, otherwise stated, the relative amount cheques cleared, in proportion to the trade of the country, 1868, compared with last year, was as 1 is to 1·33. Thirdl that, as a consequence of these alterations, the relative amount cheques cleared has augmented from forty times the note circ lation in 1844, to 135 times the circulation in 1872. And, final that the changes have taken place progressively from year to yea and up to the latest date no check to the movement is indicate

Thus, then, it is evident that, whatever importance might ha been attached to the regulation of the note issue in 1844, th intended influence upon trade of measures with that object h become since then comparatively inoperative—in other words, th a command of the note circulation has become relatively powe less, and is further becoming every year more powerless, as means of controlling the operations of trade.

This being the case, it might be supposed that the Bank A of 1844 would simply sink into significance, and that its influenc either for good or for evil, would be less and less felt as circur stances altered; but this, unfortunately, is not the case. It is we known that in the spring and autumn of each year considerab sums in gold are withdrawn from the Bank of England for th provincial circulation, and that these withdrawals for home u have much influence on the fluctuations in the rate of discoun Now, this gold is not principally employed in increasing th metallic circulation, but is retained by the local banks as reserv under the provisions of the Bank Act, against their expanded no issues at those seasons. Although the provincial note circulatic in England has altered but little since 1844, having increase only 7.7 per cent., in Scotland and Ireland the increase has bee

* Aggregate of the sums cleared estimated at £1,500,000.

much greater—viz., 76 per cent. and 30 per cent. respectively for the two countries; and, as a great part of this increase, especially in the case of the Scotch banks, is over the limit of free circulation prescribed by the act, and must therefore be balanced by gold, it is the demand for Scotland and Ireland, and notably that for the former country, which is most felt in the spring and autumn gold drains. That the influence of these periodical movements on the Money Market is of no small importance will be evident from the fact that the Scotch note circulation is at its maximum in November, being also high in May, and that the Bank of England rate of discount has been at its maximum, nine times since 1844, in the months of May and November. But of even more importance is the fact that this influence, so far from diminishing, has been for many years *steadily increasing*, and, under the present conditions, will probably further increase.

It is well known that the aggregate of the Scotch notes is in excess of the free issue; the proportion of the total regulated issue to the total free issue is therefore greater now than it was in 1844, when the limits were fixed; and the following figures will show, not only that this is the case, but that the preponderance of regulated issue is becoming greater year by year. If this provincial circulation were steady in amount, the larger proportion of regulated issue would be of less moment, as it would result simply in the locking up of so much more gold in permanent idleness in the country; but, as a matter of fact, it fluctuates considerably, and the larger the relative amount of regulated issue, the greater will be the demand for gold from the Bank of England at the periods of expansion, and, consequently, the greater will be the disturbance of the money market. This effect will be apparent from the last column of the subjoined table showing the number of changes in the rate of discount in each year:

	Note-Circulation of the United Kingdom.			*Per Cent. of Total Circulation.*		*No. of Changes in Bank rate of Discount.*
Year.	*Total.* £	*Free.* £	*Regulated.* £	*Free.* *p. ct.*	*Regulated.* *p. ct.*	*No.*
1844	37,380,000	17,130,000	20,250,000	46	54	1
1850	33,570,000	13,910,000	19,660,000	42	58	1
1855	37,110,000	16,280,000	20,830,000	44	56	8
1860	38,750,000	15,540,000	23,210,000	40	60	11
1865	37,250,000	14,530,000	22,720,000	39	61	16
1870	40,000,000	13,990,000	26,010,000	35	65	10
1872	43,620,000	14,190,000	29,430,000	32	68	14

It will be observed that, as the proportion of regulated to non-regulated issue increases, so the changes in the rate of discount become more numerous and more severe. These simultaneous events may have no necessary connection with each other, but "the probability that greater and more rapid fluctuations in the British rate of discount will ensue, should such alterations in the note circulation continue to increase, cannot be doubted, in proportion as the influence of the note circulation on the banking reserve of the Bank of England increases."

FINANCIAL PLANS OF THE DAY.

By a Veteran Banker.

Mr. Henry C. Carey, the economist, has addressed five letters to the Secretary of the Treasury under the title—"*Currency inflation: how it has been produced, and how it may profitably be reduced.*"

The opinions of a man whose whole life is a record of this special study may be supposed much more deserving of respect than those of the newspaper editor or the Congressional debater, who, if any thing is to be written or said, "crams" for the occasion, like an ill-prepared college student before entering upon his examination. But we regret to see that Mr. Carey, in this mattter, is no more than an experimentist. The age is beyond this. If it does not know what the law is, it knows that there is a law; and it is waiting, expectant, for the man who is to expound it. The Universe does not move by experiment, but by law; and so must move all its parts. If Mr. Carey's long devotion to scientific economy winds up at last without a single authoritative maxim of law running through this pre-eminently great and grand theme of social organization, we may well despair of any valuable results from the bureaus at Washington, which are not, apparently, designed to elucidate any thing; or from Committees of Ways and Means, whose ways and means are bounded by the cross-examination of "experts," and the yearly product of a volume or two of barren interlocutions. Mr. Carey's position with respect to the *currency* may be inferred from the following conversation with the Hon. Hugh McCulloch in May, 1865, shortly after his accession to the Treasury.

"He declared himself a disciple of Mr. Clay, and a thorough believer in his protective doctrines. Regarding him as sincere in this expression of opinion I said, that in view of the great changes now (1865) to be met, millions of men North and South returning from the field, and needing to seek employment at a time when the Government must not only cease to be a purchaser but must, on the contrary, become a seller of commodities it had already purchased, it was most desirable that all our measures should tend in the direction of stimulating production and making demand for labor; and that if I had my will gold should be at 200 for the next seven years, as the premium afforded a protection that even false invoices would not enable the foreigner to avoid. Fully coinciding in the view thus suggested, the Secretary answered—'That is too much, but I should gladly see it at 175.' Three months later, he was instructing his representative abroad to give assurance that we should have resumed specie payments before the first 7-30's became due. Two months yet later came the destructive Fort Wayne decree, and from that hour did the Secretary persist in the absurd and injurious course of policy therein announced."

Mr. Carey, though not bound to secrecy, did not feel at liberty to make public this conversation with the Secretary, because it

would have given the gold market the cue with respect to his management of the Treasury. He now says:

"This gentleman having become a London banker, and being thus largely interested in perpetuating our dependence on Great Britain, has just volunteered to advise our people in relation to free trade and specie payments, thus giving warrant for making public some facts in reference to his opinions and the changes they have undergone." Whence the foregoing exposure.

Mr. Carey quotes from Professor Bonamy Price in support of a theory or law of currency urged upon our legislators by himself thirty years ago, as he tells us:

"And now," says Mr. Price, "we reach the most important question of all—in what numbers will these bank-notes circulate? It is the crucial question wherewith to test the soundness of every theory of currency. . . Every doctrine which is mistaken on this central principle is worthless as an interpreter of the science of currency. . . *So many* bank-notes as the public wants, and can use, will circulate and no more Neither the bankers nor Parliament, nor the law, nor the need of borrowers, nor any other power, but the wants and convenience of the public, the number and amount of the specific payments in which bank-notes are used, can determine how many convertible bank-notes will remain in circulation, and not be returned upon the hands of the bankers for payment. This is the truth of truths in currency. . . The attempt to substitute any other regulator of the quantity of the notes circulating than the inclination of the public to keep them, is absolutely hopeless. An expanded or inflated circulation of bank-notes is an absurdity, nothing better than pure nonsense. It would be just as sensible to speak of an expanded or inflated circulation of hats. It is easy enough for the hatter to make more hats than can be sold; but where is the inflation in that case? In the number of hats circulating about the town, in each man having a dozen hats in his house? The very question is puerile. There would be an inflation of hats, but it would be found in the shops of the hatters, and not in the circulation of hats. There may be in the same way an inflation of bank-notes, by too many being made, but the inflation would not be found in the circulation of notes, but in the banks, which would be stuffed up with their own unusable and unsaleable wares. Ask each of yourselves how it is possible to inflate your own use of bank-notes. The question itself excites your ridicule."—*Principles of Currency*, pp. 108–110.

It is to the precept or the philosophy contained in this paragraph that Mr. Carey commends the attention of Secretary Bristow. We confess that we see nothing in it beyond that well-worn metaphysical dictum—"whatever is, is right." If a given quantity of paper money for the banks be printed by the Washington Bureau—say 350 million dollars; and if the banks pay it all out, and it does not return upon them for redemption, that is the proof that there is no excess in the circulation; whence, there is no fault to be complained of. If 50 million of it be returned to the banks, it remains an inert quantity in their vaults; whence, there is no fault, since no injury accrues to the body politic. The instant that the quantity in circulation exceeds the requirements of business, the excess is returned and added to the inert mass; and still there is no fault. Our position is right, whatever it may be. It is a self-correcting position. The evidence that it is right consists solely in the fact that it is what it is, and nothing else. If it were made otherwise, it would still be right, because the process of the change is itself the process of correction. Nothing can go amiss. The inflation of the hats, according to Mr. Price,

being on the shelves of the hatter, and not on the heads of the people, is a perfectly harmless inflation; and that of the banke being in the banker's vaults, is likewise harmless! To what pur pose, then, is all our agony of apprehension on account of th currency, this distrust and fear of commercial disaster, by whic the whole country is perplexed and confounded?

There is a style of reasoning much used by writers on financ that well deserves to be called the *argumentum ad ignorantiam* It is that of *simile*. On no other subject may the unwary reade be so easily misled—instance, the apologue of the hats of Mr Price. The parallel holds good throughout, until we find no in flation of hats except on the shelves of the hatter, and likewis none of paper money except in the vaults of the banker. Her it fails. It fails on the instant that the characteristic function paper money is challenged by necessity. No theory, we believ is more generally accepted than that of excess in the currenc being reflected in the price of commodities, or in the extent speculative enterprises, to which there is no limit. Unhappily f Mr. Carey's commendation of the hat figure to the Secretary the Treasury, there is a limit, as our census reports, to the numb of heads in the United States.

In his third letter, Mr. Carey speaks of "that other portion the currency which consists of bank debts, and is known by th name of *deposits*." How are we ever to make ourselves inte ligible to each other, if every man persists in making a vocab ulary of his own, without regard to the common or the offici meaning of the terms employed in financial documents? Th term *currency* is defined in our dictionaries, "the aggregate coin, bills, notes, etc., in circulation; that which passes for mon in a country." Ex: "a metallic currency; a mixed currency." no dictionary that we are acquainted with is there a meaning give essentially different from this. We have a "Comptroller of th Currency." In all our official Treasury reports, from the beginnin of the Government, the word *currency* is used in this sense, an in no other. In no official document that we have ever seen it confounded with *bank deposits*, which are *inscriptions of person credit*, and which do not pass from hand to hand, except on pe sonal guarantee. We apprehend that the Treasurer of the Unite States is the mountain in this case, and will not come Mahomet.

Mr. Carey's final proposition to the Secretary is, that "a 3-6 bond interchangeable with greenbacks be issued, and adopted the recipient of any excess of currency in circulation;" but we d not see where that excess is ever to be found on "the ha theory." There are other propositions of a general character i his letters, to which, on suitable occasion, we may recur her after.

CURRENCY AND CREDIT, No. 2.

The Suffolk Bank System of Redemption.

In the letter which appeared in the Banker's Magazine for September, from Mr. J. E. Williams to Senator Sherman, it is said: "Among such useless antiquities may be classed the Suffolk Bank system, so called, which was the most unmitigated paper scheme ever devised; under it millions of bank-notes were redeemed without using a dollar of specie! yet that did good service fifty years ago, but is of no use now." I hope to be able to show that the Suffolk system may be of some use now, and that it is the best that can be had under any circumstances. The fact that millions of bank-notes were redeemed without the use of any specie is, I think, no argument against the system, but is an undoubtedly strong reason in its favor; for the good of any system of redemption is not to be measured by the amount of gold that changes hands, but by the amount of notes that are actually redeemed. That system which will redeem the largest amount with the least disturbance and inconvenience cannot fail to be the best. Effective redemption need not necessarily be an annoyance and a burden to all concerned in it, but no system of redemption can be effective, and meet the wants of the country, unless through it bank-notes can be redeemed without the expense and trouble of handling the gold.

To any one familiar with banking, it is plain that, though a bank may receive and pay out millions of dollars, yet little money actually changes hands; and if we were now on a gold basis this would still be the case. The gold would lie in the vaults of the banks, and all settlements, excepting the final one at the Clearing-House, would be made by transfers of credit. So long as people think that the object of every transaction is to have a certain amount of gold pass from the hands of one person to those of another, just so long shall we have all kinds of wild schemes for returning to a specie basis. Whenever it is fully understood that banking is not dealing in gold, but that banks deal in debts or transfers of credit, then and not till then shall we have proper legislation.

The higher the state of civilization in a country, the more thoroughly organized does credit become; and nearly all the business is carried on by credit, and the settlements made by the transfer of credit. Gold or money has but one part to play in the whole matter, and that part is to measure values, and in final settlements between countries to adjust the balance. No one wants gold for itself, but simply for what it will buy. If we were on a specie basis, and I should pay a man one thousand dollars

in gold, would he keep the gold? Not at all; gold is not w he would want; he would deposit it in a bank. Now what d that mean? Simply this and nothing more, that he buys v the gold a thousand dollar credit, showing he does not wish g but credit, and that he would have been as well satisfied with check or the notes of a bank which he would have deposited his bank, and in this way would obtain the credit desired. check or notes would be sent through the Clearing-House. M tiply the transactions until they amount to hundreds of milli and the result would be the same. Gold is not wanted at all, is simply credit after all that is wanted, and gold has no use all these transactions except to measure value.

What then is the Suffolk system which Mr. Williams considers of the useless things of the past? It does for the notes of banks what the New York Clearing-House does for the che of the New York banks, furnishing the means of sending notes home to the banks where they belong. There is no difference between the two; both are absolutely necessary fo sound system of banking. Under no other system can there effective redemption. Redemption at a bank counter only is redemption at all. It can never be anything more than occasional spasmodic run on a bank, wholly dependent on condition of confidence reposed in the bank by the public, on the event of the notes being widely scattered, or more loca their circulation. Under the present system of secured circula there would not be any presentation at the counter, for the are safe and that is all the public wants. It seems to me reasonable to say that a clearing-house for checks is of no use to say the Suffolk system can be of no use. For without agency of such a system the notes of all the banks would to the financial centers, and would remain there until the mo ments of trade should call for them. The consequence would a series of irregular heavy drains on the money centers, atten by frequent spasms of the loan market. With the Suffolk syst on the contrary, the bank-notes would gradually become m localized, as each bank would be compelled to redeem and cumulate large amounts of its own notes "between seaso These notes the banks would be unable to keep afloat except meet the demands for currency when business becomes active.

One great defect of the National banking system is that volume of currency remains the same at all times. When tr is brisk it cannot expand to meet its wants, and when the co try needs less currency there is no way of withdrawing surplus notes, but they remain out and compel the banks make greater efforts to use them. Under the Suffolk system notes would be returned to the banks that issued them, and th they would remain until they were needed for legitimate busin With this system the money of the country would not all ac mulate in our great financial cities, to be loaned out and to called in again suddenly to meet demands for the movement

the crops in the autumn. The surplus notes would be charged to the banks and sent home, and in every part of the country where banks exist there would be at all times currency sufficient for legitimate business purposes.

In closing I will suggest a simple, and, I think, a sure way of returning to a specie basis:

First, Establish free banking, with the Suffolk system of redemption. *Secondly*, Let the Government pay as fast as possible all its non-interest-bearing debt. *Thirdly*, Let Congress pass a law repealing the legal-tender act, and requiring the banks to redeem their notes in gold on demand; the law to go into effect at a prescribed future date, say two or three years after the passage of the act.

GEORGE A. BUTLER.

NEW HAVEN, Sept. 24th, 1874.

BANK NOTE CIRCULATION.

Mr. J. B. HOWE, of Lima, La Grange County, Indiana, has published a pamphlet of seventy pages, entitled, "An Essay upon the amount of bank-note circulation under specie payments, and the propriety and necessity of establishing a consolidated bank reserve in New York city, and other topics connected therewith."

This pamphlet is an interesting, though verbose production. Mr. Howe is a rapid thinker, and does himself injustice in putting out a mass of propositions which, we fear, will discourage a wide reading. He is sensible of this himself, and gives the poor excuse that "he has not had time to make it shorter." His main object is "to show the absolute necessity to the banks and country of a consolidated coin reserve for purposes of economy and security—to the utmost extent possible—against panics and crises. . . . All estimates of currency per capita, or in gross, or by ratios to wealth, that I have ever seen, are entirely unsatisfactory to me, and have left me more in the dark than I should have been without them."

The following extract gives the drift of the author's mind, and foreshadows a possibility which already commands a growing assent among our most intelligent bankers. *Bank deposits* he characterizes as "the auxiliary of bank-note and coin circulation, which ought to have a foundation in coin reserve equal to one-third of their total or gross amount. But this reserve has been reduced sometimes to nearly one-eighth, or perhaps as low as one-ninth; the same amount of values continuing to be circulated, no matter how low the reserve might run; bank credit still remaining at par until it suffers a sudden collapse by the suspension of the bank. This immense inflation, as it is erroneously called, is not generally understood until suspension shows that it existed."

Mr. Howe thinks that the present banking system has great

difficulties to contend with on account of its inability to exert t power that it really possesses in an emergency—a weakness co sequent on the general principle of segregation and rivalry, which the system is constituted. If it cannot be so amended to exert this power of control, the next great step in natio finance will be, he thinks, a recurrence to a "United States Ba and branches."

CONVERSION OF WORN-OUT BANK BILLS.

By W. P. Borland.

It is now generally understood that the plan of so-cal redemption of the National currency, enacted by Cong June 22, 1874, is a failure. The Treasurer announces that suspends payment because his funds have given out. This nouncement proves that this kind of redemption is as unrelia as it has proved harassing and oppressive. The truth is, th exists no necessity for the redemption of the National currency, the sense of a substitution of legal-tender for National bank-no and if there were, the means provided by the present law are ferior to those afforded by the law as it stood. There is, howe a demand for an improved method of exchanging old and wo out currency for new bills. The people, being condemned to paper money, demand that it shall be good and bright, and an undistinguishable mass of dirty rags.

The public at large and the banks themselves having a co mon interest in keeping the currency in good condition, it wo seem that the service might be performed more expeditiously satisfactorily by a co-operative arrangement among banks t in any other way. To this end I venture to suggest the repea the 3d section of the Act of June 22, 1874, and the adoption o plan of which the following is an outline.

Let a Currency Clearing-House be established in the city New York, under the control of the Associated Banks of t city, whose duty it shall be to receive, assort, and attend to destruction of mutilated and defaced National currency, to tain new bills therefor, and return them to the banks of issue, follows:

On the receipt of $500, or a multiple of that sum, from National Bank, the Currency Clearing-House to deliver to New York Redeeming Agent of that bank certificates of rece the Redeeming Agent crediting the amount thereof to its cor spondent, less a fixed discount. The Currency Clearing-Ho would assort these bills, and, whenever five hundred dollars of issue of any bank was on hand, have the bills destroyed, as p vided by law. New bills might be sent to the bank of issue fr the office of the Comptroller of the Currency, and the Redeem Agent, when properly notified that new currency had been so se

would deliver to the Currency Clearing-House, on demand, a corresponding amount of its certificates, charging same to the bank of issue. In the case of bank bills payable by the Treasurer of the United States in legal-tender money, the Currency Clearing-House would collect and pay over to the holders of its certificates—or certificates payable in legal-tender might be issued for such currency, if preferred.

It will be seen that the amount of certificates outstanding would at any time represent the amount of currency in process of conversion. Examinations of the Currency Clearing-House, under authority of the Comptroller of the Currency and the Associated Banks, would be a proper safeguard, and, in addition thereto, security might be taken for the protection of trusts committed to it. Special rates might be obtained of the express companies for currency in transit, and indeed the whole expense might be made as low as comports with the accurate and honest performance of the service. It would be necessary that the banks outside of the city of New York should be required by law to designate a Redeeming Agent in that city. If the law also provided that worn-out currency should be destroyed in New York, and that bank bills payable in legal tenders might be paid by the Assistant Treasurer in New York, it would render the work of conversion more easy and rapid. The advantages which it is believed this plan possesses are:

1st. The banks would pay a reasonable charge for the services of an agent employed by themselves, and only to the extent they saw fit to employ that agent.

2d. The reserves of the banks would be kept in their own vaults, or at the commercial center of the country, where they are needed for various purposes, and not at the political center, where they are not needed at all.

3d. The currency would be withdrawn no longer, and in no greater amount, than required to effect the exchange.

THE BANKS AND THE BONDS DEPOSITED FOR CIRCULATION.

To the Editor of the Banker's Magazine:

One provision of the National Banking Act that has received but little attention may be worth considering at this time. In a few weeks Congress will come together again, and the question of banking and the currency may be expected to occupy much of the time and thoughts of business men as well as of members of Congress. The law requires the banks to deposit, with the Treasurer of the United States, bonds as security for their notes; and the

Comptroller of the Currency issues to the banks notes to t amount of ninety per cent. of the face of the bonds. Under t arrangement the banks are compelled to deposit bonds the mar value of which is twenty per cent. above the amount of the ba notes issued upon them.

It is doubtful if a system of banking with the circulation secu by Government bonds is the best that can be had. It is n however, my intention in this letter to attack the present syst of banking, but to suggest the possibility of having a secured c culation which will not be so costly to the banks, or to country. There can be but one purpose to be accomplished the law, and that is to give protection to the bill holders. A thing more than this exceeds the intention of the statute. It p a burden on the banks, and a heavy tax on all business intere For a secured circulation the law should not exact from banks, and thereby from the country, any thing more than is n essary to fully protect the holders of bank-notes from loss case of the failure of a bank. When the law exacts more than t it obstructs the business interests of the country, and curtails real capital available for business purposes by the whole amo exacted by the law in excess of what is necessary to make notes perfectly secure. Does not the law now put this burd upon the business of the country, and has not the time co when it should be removed?

There can be no doubt that the bonds of the United States be at all times at par in gold unless Congress should, by unwise leg lation, impair the credit of the Government; and if the bonds main at par, safety does not require that the amount of bonds posited should exceed the amount of notes issued. I think t Congress should amend the Banking Act, and authorize the Tre urer of the United States to return to the banks all bonds in cess of the amount of notes issued to them; the notes would th be perfectly secure, and a large amount of capital would be leased for the use of the merchants and manufacturers. Is the any wisdom in taking one hundred dollars of real capital, to ca italize ninety dollars of credit? That is what is done under t present law. If the law should be amended as suggested, it wou add to the business capital of the country nearly forty millions dollars. It is difficult to estimate the benefit that would be d rived from this additional capital. This at least is the opinion

A COUNTRY BANKER.

THE LIABILITY OF BANKS FOR SPECIAL DEPOSITS.

The question of the liability of a bank for its special deposits is one of great interest, and has been the cause of much discussion. An important decision has recently been rendered in the case of the Third National Bank of Baltimore, which was robbed by burglars in August, 1872, when large amounts, held as special deposits, were stolen.

Among others taken were some $20,000 worth of securities belonging to W. A. Boyd & Co. These had been deposited in 1866, under a special agreement, as collateral security for such sums of money as the firm might borrow from the bank from time to time. At the time of the robbery the firm owed the bank nothing. Demand was made for the bonds, or their value, when the bank refused to pay, on the ground that they were merely kept in the safe at the risk of the owners, and subject to their order, inasmuch as they were not at that time actually indebted to the bank. Suit was then brought for the value of the bonds, and the questions which came up for consideration were stated at length in the BANKER'S MAGAZINE for July, 1873. They were mainly whether the bonds, at the time they were stolen, were held by the bank as collateral or as a deposit at the owner's risk; and whether the manner in which the securities were kept indicated any negligence, supposing the bank's duty in the matter extended no further than to use reasonable diligence and care in securing the property. The case involved an exhaustive inquiry into the mode of constructing vaults, the comparative merits of burglar-proof safes, the degree of caution that should be exercised in the employment of a night watchman, and the compensation that should be paid in order to relieve him of the necessity of engaging in other employment during the day, with many incidental matters. The case was tried in May, 1873, and the jury failed to agree. The record was then sent to the Circuit Court for Howard County, and the jury has now brought in a verdict for $29,117.83 for the plaintiffs—the full amount claimed.

Whether this decision be final or not, it should warn bankers that the special deposits of customers cannot be held without some risk to themselves. No such risk ought to be assumed or asked for when every facility and protection are given by the Safe Deposit Companies, who afford for a very moderate cost a guarantee beyond cavil.

INQUIRIES OF CORRESPONDENTS,

Addressed to the Editor of the Banker's Magazine.

I. Evasions of the Stamp Tax on Checks.

Madison, Wis., Aug. 29, 1874

The practice is becoming quite prevalent among banks to issue drafts pa ble "*one day after date without grace*," to save the stamp required on common check. Drafts drawn payable at a fixed day must be presented drawee on the day *when due*, else the liability of drawer and indorsers ceas There is, therefore, no safety in taking this class of exchange when it can be presented until *after due*. Will you caution banks against the syste No bank should receive such exchange except for collection.

Our opinion upon this question has been expressed very decidedly, and given at some length in the second article of the present number; to which refer this correspondent, and also the two whose letters next follow:

Wellsville, N. Y., Sept., 1874

Please inform us if the use of checks or drafts like this—"payable one after date without grace," is legitimate or not. We notice your remarks August number of the Magazine, but have seen no decision against the lega of their use.

We would not knowingly violate any statute of our land. If they are le why not use them?

Denison, Texas, Sept., 1874

The U. S. Revenue Law requires a two-cent stamp on every bank che but does the law exempt such checks when printed in the shape of a *recei*

In reply to the foregoing we have to say:

I. Such checks or receipts are not *void* because unstamped; but,

II. It is evident that the object in so drawing them is to evade the requi ment of the internal Revenue Law; and that,

III. Though not coming within the penalties of its *letter*, they are plai in evasion of its *spirit*.

The reasons for not using them are:

First. In the event of non-payment of such a check the drawer and dorsers are released if demand be not made on the day after its date, a notice then given.

Second. Because when their use is perceived to be simply a trick to sav twopenny stamp by evading a law, every honorable man ought to shrink fr it. We cannot understand how men whose character and standing bespe them to be gentlemen, can see this in any other light, as from their pract they seem to do.

We subjoin a pointed reply from the Commissioner of Internal Revenue, a similar inquiry.

Treasury Department, Office of Internal Revenue,
WASHINGTON, Sept. 2, 1874.

Levi T. Hull, Esq., Collector of Internal Revenue, 2d District, Constantine, Mich.

SIR: C. D. Randall, Esq., of Coldwater, President of the Southern Michigan National Bank, has written to this office respecting the liability to stamp duty of checks or drafts payable "one day after date without grace," and also of receipts used as a substitute for bank checks.

Please advise him that bank checks, drafts, or orders payable at sight or on demand, drawn by any party, for any amount, upon a bank, banker, or trust company, are subject to a stamp tax of two cents. All other papers issued on or after October 1, 1872, are exempt.

It is not to be expected that this office will aid in inventing Forms for the evasion of the tax on bank checks. Very respectfully,

H. C. ROGERS, Deputy Commissioner.

II. FRACTIONAL CURRENCY AS A LEGAL TENDER.

HARRISBURG, Penn., October, 1874.

Will you please tell me to what amount ten, fifteen, twenty-five, and fifty cent notes, and one and two dollar bills are legal tender?

The notes for fractions of a dollar were never declared to be a legal tender. They are "exchangeable for United States notes in sums not less than three dollars, and receivable in payment of all dues to the United States less than five dollars, except customs," as stated in the law and upon the notes.

There is no limit fixed to the amount for which one and two dollar bills of the U. S. are a legal tender.

III. GRACE ON TIME CHECKS.

ERIE, Pa., September, 1874.

Our bank having paid to-day a check drawn "fifteen days after date," a discussion has ensued, which we submit to you. Are such checks entitled to grace, and is it proper or not to protest for non-acceptance if presented before due?

A check payable after its date is regarded in law as "an inland bill of exchange." In this State a special enactment rules that a time check is not entitled to grace, nor does it require protest for non-acceptance. In other States the laws differ. ABBOTT's "United States Digest" furnishes the following decisions on these points.

Notice of non-payment must be given to the indorser of a check, payable ninety days after date, without the allowance of days of grace. *Westminster Bank* v. *Wheaton*, 4 R. J., 30.

A bank check, payable at a future day is subject to the same rule as regards presentment for payment as a check payable on demand, and the holder has until the close of banking hours of the day next after the date it becomes payable in which to present it for payment. *Blachly* v. *Andrew*, 1 Disney (Ohio), 78.

A bill of exchange payable at a time certain need not be presented for acceptance until maturity, but, if it is, notice and protest are necessary. *Carmichael* v. *Pennsylvania Bank*, 5 Miss. (4 How.), 567; *Bank of Bennington* v. *Raymond*, 12 Vt., 401; *Glasgow* v. *Copeland*, 8 Mo., 268.

But if the bill is presented for acceptance before that time, and acceptance refused, notice must be given in order to fix the liability of indorsers. *Glasgow* v. *Copeland*, 8 Mo., 68.

LIABILITIES OF FORTY-EIGHT NATIONAL BANKS

IN THE CITY OF NEW YORK.

From the Official Reports, October, 1874, with the date of Original Charter of each.

Charter.	*Name.*	*Capital.*	*Net Profits.*	*Circulation.*	*Due Banks.*	*Deposits.*	*Dividends.*	*Total Liabilities.*	*Dividends. Payable.*
1784.	Bank of N. York, N.B.A.	$ 3,000,000	$ 1,136,000	$ 466,700	$ 1,875,000	$ 8,992,200	$ 7,000	$ 15,476,900	Jan. & July.
1803.	Merchants' Nat. Bank.	3,000,000	965,100	835,200	3,209,600	8,019,600	5,200	16,034,700	Do.
1809.	Mechanics' Nat. Bank.	2,000,000	1,015,200	545,100	1,154,100	4,080,700	5,800	8,800,900	Do.
1811.	Union National Bank.	1,500,000	1,022,500	270,000	1,075,000	2,923,000	1,500	6,792,000	May & Nov.
1813.	Phœnix National Bank.	1,800,000	255,900	477,300	739,200	3,732,200	5,400	7,010,000	Jan. & July.
1812.	National City Bank ...	1,000,000	1,511,300	——	663,000	5,927,600	15,500	9,117,400	May & Nov.
1823.	Tradesmen's Nat. B'k.	1,000,000	544,100	760,300	436,400	1,610,800	1,800	4,353,400	Jan. & July.
1824.	Fulton National Bank.	600,000	559,500	8,600	21,500	1,340,300	800	2.530,700	May & Nov.
1824.	Chemical Nat. Bank ..	300,000	3,174,200	11,200	757,300	6,315,500	1,900	10,560,100	Quarterly.
1831.	Merchants' Ex. N.B'k.	1,000,000	313,400	441,600	1,958,400	1,842,200	5,400	5,561,000	Jan. & July.
1831.	Gallatin National Bank.	1,500,000	657,700	489,100	480,000	2,421,100	61,000	5,608,900	April & Oct.
1831.	N. Butchers & Ds' B'k.	800,000	313,300	237,300	123,100	1,715,400	3,000	3,192,100	Jan. & July.
1830.	Mec. & Traders' N.B..	600,000	369,500	210,600	201,700	1,141,300	1,200	2.524,300	May & Nov.
1832.	Leather Man. Nat. B'k.	600,000	658,300	257,700	887,000	2,112,400	800	4,516,200	Jan. & July.
1833.	Seventh Ward Nat. B'k.	300,000	37,500	164,500	1,200	1,321.600	400	1,825,200	Do.
1836.	N. B. of State of N. Y.	2,000,000	610,600	513,300	757,600	3,202,600	7,300	7,091,400	May & Nov.
1838.	American Ex. Nat. B'k.	5,000,000	1,519,800	936,700	2,677,700	6,439,000	11,800	16,585,000	Do.
1839.	Nat. B'k of Commerce.	10,000,000	3,295,300	2,973,800	3,321,000	6,567,000	20,400	26,177,500	Jan. & July.
1849.	Nat. Broadway Bank..	1,000,000	2,001,700	880,800	209,500	3,035,600	1,600	7,129,200	Do.
1850.	Mercantile Nat. Bank.	1,000,000	338,200	470,400	2,089,500	1,060,400	——	4,958,500	Do.
1851.	Nat. Bank of the Rep.	2,000,000	467,900	794,600	2,411,800	2,471,600	13,800	8,159,700	Feb. & Aug.
1851.	Chatham Nat. Bank ..	450,000	241,800	126,900	402,500	2,792,600	800	4,014,600	Jan. & July.

1851.	Irving National Bank	500,000	163,700	164,500	520,900	2,756,500	1,000	4,106,600	Do.
1851.	Metropolitan Nat. Bank	4,000,000	2,058,500	1,139,100	6,555,600	4,632,500	6,400	18,392,100	Do.
1851.	NationalCitizens' Bank	600,000	258,300	138,600	42,400	1,341,100	700	2,381,100	Do.
1852.	Market National Bank	1,000,000	493,200	225,000	240,300	1,818,900	2,500	3,779,900	Do.
1852.	St. Nicholas Nat. Bank	1,000,000	198,100	740,200	126,700	1,406,200	4,800	3,476,000	Feb. & Aug.
1852.	Nat. Shoe&Leather B'k	1,000,000	706,600	791,000	1,706,700	1,431,200	5,000	5,640,500	Jan. & July.
1853.	Continental Nat. Bank	1,500,000	357,100	578,700	846,400	1,234,000	10,500	4,526,700	Do.
1853.	Marine National Bank	400,000	214,600	352,600	219,300	2,325,700	1,100	3,513,300	Do.
1855.	Imp. & Traders' N. B	1,500,000	1,544,900	479,400	12,035,700	4,936,700	4,300	20,501,000	Do.
1856.	National Park Bank	2,000,000	1,328,400	805,300	8,801,000	6,587,100	3,300	19,525,100	Do.
1838.	Nat. Mec.'s Bank'g Ass.	500,000	106,100	306,200	45,100	995,300	2,600	1,955,300	May & Nov.
1852.	East River Nat. Bank	350,000	181,200	196,800	——	632,200	2,000	1,362,200	Jan. & July.
1864.	Fourth National Bank	5,000,000	1,205,800	2,857,200	10,096,500	6,590,700	13,600	25,763,800	Do.
1864.	Central National Bank	2,000,000	471,100	1,415,600	3,245,300	2,457,400	6,200	9,595,600	Do.
1863.	Second National Bank	300,000	313,800	270,000	11,900	1,315,500	——	2,211,200	Do.
1864.	Ninth National Bank	1,500,000	250,400	593,100	4,960,000	3,191,800	600	10,495,900	Do.
1863.	First National Bank	500,000	504,200	292,000	4,788,800	1,264,500	——	7,349,500	Do.
1863.	Third National Bank	1,000,000	240,300	49,400	4,479,300	1,043,800	400	6,813,200	Do.
1851.	N. Y. Nat. Ex. Bank	500,000	60,100	265,200	330,200	815,500	——	1,971,000	Do.
1864.	Tenth National Bank	1,000,000	79,200	844,000	48,000	568,300	3,700	2,543,200	Do.
1865.	Bowery National Bank	250,000	252,000	222,400	20,900	918,700	200	1,664,200	Do.
1855.	N. Y. County Nat. B'k	200,000	328,400	180,000	300	818,900	700	1,528,300	Do.
1864.	Fifth National Bank	150,000	99,200	105,500	109,000	515,400	3,200	982,300	Do.
1864.	Sixth National Bank	200,000	57,000	189,100	——	553,600	200	999,900	Do.
1864.	Nat. Currency Bank	100,000	16,500	90,000	129,900	97,600	——	434,000	June & Dec.
	Totals, October, 1874	$ 68,500,000	$ 32,704,800	$ 25,462,400	$ 87,176,900	$130,951,400	$ 246,300	$ 345,041,800	
	" October, 1873	70,235,000	32,149,900	27,628,200	82,405,900	108,017,300	205,500	320,641,800	
	" October, 1872	71,285,000	30,741,900	28,260,400	65,724,600	108,541,200	261,400	304,814,500	
	" June, 1872	71,783,500	30,560,900	28,475,700	87,508,400	129,875,900	164,100	348,368,500	
	" February, 1872	71,785,000	28,204,300	29,115,300	80,400,300	119,675,700	208,800	329,389,400	
	" February, 1871	71,785,000	29,012,200	29,585,700	74,237,600	125,752,300	159,900	330,532,700	

RESOURCES OF FORTY-EIGHT NATIONAL BANKS

IN THE CITY OF NEW YORK,

From the Official Quarterly Reports, October, 1874.

Name.	*Loans and Discounts.*	*Stocks, Bonds, and Mortgages.*	*Real Estate.*	*Due from Banks.*	*Cash Items and Bank Notes.*	*Specie.*	*Legal Tenders.*	*Over-Drafts.*
Bank of N. Y. Nat. Banking Ass'n..	$9,203,400	$623,300	$244,000	$418,600	$107,500	$2,513,700	$2,365,900	$500
Merchants' National Bank..........	7,975,700	2,466,000	206,000	293,200	442,900	1,103,600	3,546,300	1,000
Mechanics' National Bank..........	5,760,300	763,800	175,000	405,300	86,400	209,900	1,399,600	600
Union National Bank...............	4,169,500	618,000	150,000	33,200	30,700	252,900	1,537,700	——
Phenix National Bank..............	3,671,200	955,100	285,900	341,300	89,800	298,000	1,368,700	——
National City Bank................	6,246,500	50,000	200,000	683,500	261,600	201,600	1,473,700	500
Tradesmen's National Bank.........	2,324,800	1,068,500	201,400	188,200	65,300	18,000	487,200	——
Fulton National Bank..............	1,602,400	100,000	45,000	66,300	18,600	216,900	481,500	——
Chemical National Bank............	6,637,100	1,114,300	160,800	596,900	339,100	423,000	1,283,400	5,500
Merchants' Exchange National Bank.	3,338,300	833,500	243,700	286,000	91,700	59,400	704,500	3,900
Gallatin National Bank............	3,755,000	743,500	90,000	102,200	4,400	188,800	725,000	——
National Butchers and Drovers' Bank	1,732,000	681,000	84,300	76,000	48,100	47,800	522,900	——
Mechanics and Traders' Nat. Bank..	1,548,400	458,200	57,200	41,000	55,600	14,300	345,400	4,200
Leather Manuf. National Bank......	2,607,700	634,500	266,000	19,700	97,700	629,200	261,200	200
Seventh Ward National Bank.......	904,400	345,900	61,000	79,800	39,900	48,600	345,600	——
National Bank of the State of N. Y..	4,218,200	852,500	182,400	171,800	24,400	438,400	1,198,200	5,500
American Exchange National Bank..	10,671,600	1,745,000	315,000	587,400	361,400	506,100	2,396,800	1,700
National Bank of Commerce........	12,237,000	6,525,700	500,000	559,800	189,600	744,000	5,421,400	——
National Broadway Bank...........	4,351,000	1,340,400	175,000	353,000	142,500	146,200	620,800	300
Mercantile National Bank..........	3,379,000	550,000	100,000	138,300	32,400	78,900	679,600	300
National Bank of the Republic......	4,152,900	1,083,000	307,800	629,600	84,900	1,129,600	769,100	2,800
Chatham National Bank............	2,468,500	166,800	75,200	216,500	30,000	83,400	859,300	5,000

Irving National Bank	2,430,800	506,700	100,000	261,200	52,700	22,000	731,600	1,600
Metropolitan National Bank	12,336,500	1,403,500	320,000	1,432,900	202,900	1,142,300	1,551,700	2,300
National Citizens' Bank	1,431,500	219,000	87,400	206,400	67,100	33,000	336,400	300
Market National Bank	2,449,700	375,000	100,000	156,400	90,900	53,400	553,500	1,000
St. Nicholas National Bank	1,711,300	1,015,000	110,000	54,700	50,700	52,600	472,100	9,600
National Shoe and Leather Bank	3,154,800	1,035,500	175,000	331,500	242,000	88,700	607,100	5,900
Continental National Bank	2,340,500	839,000	580,000	278,400	40,100	50,400	396,300	2,000
Marine National Bank	2,075,400	605,800	200,000	125,600	40,100	135,800	330,600	—
Importers & Traders' National Bank	14,117,300	566,000	200,000	571,600	140,700	369,100	4,535,300	1,000
National Park Bank	10,401,800	2,308,200	1,049,900	886,400	51,600	604,900	4,216,000	6,300
National Mechanics' Banking Ass'n	1,212,400	397,500	22,500	32,000	10,500	41,400	239,000	—
East River National Bank	818,300	241,700	100,700	13,600	19,900	24,600	141,400	2,000
Fourth National Bank	16,803,600	3,534,400	635,000	394,400	204,300	1,066,300	3,077,000	48,800
Central National Bank	4,948,600	2,140,100	255,200	267,900	83,200	112,400	1,788,200	—
Second National Bank	1,287,400	450,000	—	48,000	119,200	—	305,800	800
Ninth National Bank	6,229,900	936,300	500,000	914,700	22,400	106,000	1,781,000	5,600
First National Bank	3,120,400	2,100,700	18,600	590,100	33,800	136,500	1,297,200	52,200
Third National Bank	3,279,700	1,726,100	—	187,300	37,200	827,100	755,700	100
New York National Exchange Bank	1,133,600	335,000	92,200	75,100	47,500	8,700	276,500	2,400
Tenth National Bank	820,300	1,438,600	—	100,900	15,800	57,200	104,800	5,600
Bowery National Bank	986,700	265,300	5,000	61,700	69,400	4,600	271,400	100
New York County National Bank	820,900	332,800	14,300	27,900	88,700	—	243,700	—
Fifth National Bank	563,500	132,900	30,800	49,700	38,400	—	166,900	100
Sixth National Bank	437,500	327,300	....	22,200	44,400	200	168,200	100
National Currency Bank	78,100	248,500	....	50,700	15,800	18,500	22,400	—
Totals, October, 1874	$201,766,900	$47,544,900	$8,722,300	$13,758,200	$4,534,900	$14,394,100	$54,138,700	$181,800
" October, 1873	199,174,400	43,173,100	8,421,200	17,817,700	4,369,700	14,594300	32,617,000	474,400
" October, 1872	183,285,800	44,929,500	7,984,500	16,448,700	6,351,600	6,376,000	39,213,100	225,300
" June, 1872	198,582,300	49,703,200	7,948,900	16,398,300	5,467,800	19,412,800	50,736,600	118,600
" February, 1872	192,865,100	50,854,800	7,931,700	15,798,500	4,304,000	16,948,400	40,548,100	138,800
" December, 1871	187,133,800	50,225,700	7,650,800	19,478,500	3,986,900	23,065,200	38,873,700	118,100

LIABILITIES OF TWENTY-SIX STATE BANKS OF THE CITY OF NEW YORK,

26th September, 1874, as shown by their Official Quarterly Statements, with date of Charter of each.

Commenced.	Name.	Capital.	Net Profits.	Circulation.	Due Banks.	Due Depositors.	Dividends Payable.	Dividends.	Totals.
1799.	Manhattan Company...	$ 2,050,000	$ 1,123,000	$ 9,700	$ 527,300	$ 6,973,000	Feb.&Aug.	——	$ 10,683,000
1812.	Bank of America......	3,000,000	2,011,800	1,200	1,983,000	5,292,400	Jan. & July	$ 82,900	12,371,300
1830.	Greenwich Bank.......	200,000	214,200	2,700	5,100	889,500	May&Nov.	——	1,311,500
1850.	Pacific Bank...........	422,700	374,600	——	——	2,262,400	Do.	1,800	3,061,500
1851.	People's Bank..........	412,500	229,300	5,500	47,800	1,264,900	Jan. & July	1,000	1,961,000
1851.	Bank of North America.	1,000,000	168,400	——	635,600	1,457,100	Do.	15,700	3,276,800
1852.	Nassau Bank...........	1,000,000	119,100	3,900	108,500	1,888,400	May&Nov.	1,100	3,121,000
1853.	Corn Exchange Bank...	1,000,000	599,300	4,900	27,200	2,231,800	Feb.&Aug.	1,800	3,865,000
1853.	Oriental Bank..........	300,000	340,500	4,000	——	1,083,300	Jan. & July	800	1,728,100
1851.	Grocers' Bank..........	300,000	79,400	——	16,200	722,500	Do.	200	1,118,300
1821.	North River Bank.....	400,000	35,400	——	——	1,076,700	Do.	800	1,512,900
1859.	Man. & Merchants' Bank	300,000	74,100	——	68,100	523,300	Do.	——	965,500
1870.	German-American Bank	2,000,000	80,300	——	962,400	4,014,400	Feb.&Aug.	500	7,057,600
1870.	Dry Goods Bank.......	1,000,000	77,000	——	270,300	1,617,200	Jan. & July	600	2,965,100
1854.	Bull's Head Bank......	300,000	25,500	6,000	——	687,400	Do.	400	1,019,300
1869.	West Side Bank.......	200,000	52,800	——	——	1,088,900	Do.	200	1,341,900
1867.	Eleventh Ward Bank...	200,000	14,500	——	——	607,400	Do.	600	822,500
1869.	Germania Bank........	200,000	62,600	——	——	801,300	Do.	300	1,064,200
1869.	Man. & Builders' Bank.	400,000	35,100	——	50,000	826,400	Do.	——	1,311,000
1869.	Harlem Bank..........	100,000	15,300	——	33,700	343,700	Do.	2,200	494,900
1866.	Gold Exchange Bank...	500,000	73,800	——	——	——	Do.	——	573,800
1870.	Murray Hill Bank......	200,000	30,000	——	——	452,200	Do.	700	682,900
1871.	Bank of the Metropolis.	500,000	36,900	——	272,800	1,166,500	Do.	1,000	1,977,200
1870.	Ninth Ward Bank......	186,900	——	——	1,200	243,200	May&Nov.	——	431,300
1872.	Produce Bank.........	250,000	9,100	——	——	503,900	Jan. & July	1,400	764,400
1871.	German Exchange Bank	200,000	24,700	——	71,500	769,000	Do.	1,000	1,066,200
	Totals, 26 State Banks	$ 16,622,100	$ 5,906,700	$ 37,900	$ 5,080,700	$ 38,786,800		$115,000	$ 66,548,200
	" 48 Nat. "	68,500,000	32,704,800	25,462,400	87,176,900	130,951,400		246,300	345,041,800

RESOURCES OF TWENTY-SIX STATE BANKS OF THE CITY OF NEW YORK,

As shown by their Official Quarterly Statements, September 26, 1874.

Name.	*Loans & Discounts.*	*Stocks, Bonds, & Mortgages.*	*Real Estate.*	*Due from Banks.*	*Cash Items & Bank Notes.*	*Specie.*	*Legal Tenders.*	*Over-Drafts.*
Manhattan Company	$ 5,272,100	$ 25,000	$ 304,800	$ 434,800	—	$ 382,900	$4,262,200	$1,200
Bank of America	7,514,900	786,800	150,000	482,900	—	1,106,600	2,329,900	200
Greenwich Bank	1,037,100	47,500	16,000	165,500	—	—	45,400	—
Pacific Bank	1,945,900	5,000	100,000	91,600	—	13,000	906,000	—
People's Bank	1,342,700	115,800	65,200	155,900	5,400	3,100	272,900	—
Bank of North America	2,200,900	39,000	200,000	144,500	—	83,900	608,500	—
Nassau Bank	2,365,100	4,000	220,000	245,900	—	46,300	239,700	—
Corn Exchange Bank	2,601,700	356,400	108,000	140,700	—	37,400	620,600	200
Oriental Bank	1,413,000	64,500	58,800	33,800	—	6,000	151,800	700
Grocers' Bank	804,700	5,000	25,000	65,200	—	5,000	213,300	100
North River Bank	991,600	5,300	98,200	180,900	—	13,800	216,500	6,600
Manufacturers & Merchants' Bank	665,400	102,500	8,000	42,200	—	1,000	145,700	700
German-American Bank	4,881,600	5,000	—	461,800	—	85,300	1,623,100	800
Dry Goods Bank	2,090,600	5,600	10,000	289,100	27,300	32,900	501,100	8,500
Bull's Head Bank	640,600	110,900	120,000	79,600	—	—	67,500	700
West Side Bank	1,003,100	59,300	5,000	171,000	—	—	103,200	300
Eleventh Ward Bank	644,900	29,900	40,500	18,600	15,000	—	73,400	200
Germania Bank	875,600	10,500	6,100	60,000	—	2,000	108,200	1,800
Manufacturers & Builders' Bank	1,132,100	5,100	8,300	126,600	—	—	39,400	—
Harlem Bank	348,300	—	16,200	28,000	46,600	—	55,000	800
Gold Exchange Bank	514,000	30,700	—	27,100	2,000	—	—	—
Murray Hill Bank	528,200	35,000	4,200	87,600	—	—	27,900	—
Bank of the Metropolis	1,795,800	5,000	16,200	98,300	—	—	60,000	1,900
Ninth Ward Bank	336,200	5,700	15,600	57,500	—	200	11,900	4,200
Produce Bank	626,400	63,300	—	17,000	7,500	—	50,200	—
German Exchange Bank	711,300	5,000	24,500	145,100	500	—	179,500	300
Totals, 26 State Banks	$ 44,283,800	$ 1,927,800	$ 1,620,600	$ 3,851,200	$ 104,300	$ 1,819,400	$ 12,912,900	$ 29,200
" 48 National Banks	201,766,900	47,544,900	8,722,300	13,758,200	4,534,900	14,394,100	54,138,700	181,800
" 74 Banks	$ 246,050,700	$ 49,472,700	$ 10,342,900	$ 17,609,400	$4,639,200	$ 16,213,500	$67,051,600	$211,000

TREASURY CALLS OF 5-20 BONDS FOR REDEMPTION

UNDER THE ACT OF 25TH FEBRUARY, 1862.

Numbers both inclusive in every call.

FIRST CALL.—September 1, 1871.

Matured December 1, 1871—Bonds of First Series—$ 100,000,000.

Coupon.		*Registered.*
$ 50, No. 1 to No. 30,699	....	$ 50, No. 1 to No. 5
$ 100, No. 1 to No. 43,572	....	$ 100, No. 1 to No. 4,1
$ 500, No. 1 to No. 40,011	....	$ 500, No. 1 to No. 1,8
$ 1,000, No. 1 to No. 74,104	....	$ 1,000, No. 1 to No. 8,9
		$ 5,000, No. 1 to No. 2,6
		$ 10,000, No. 1 to No. 2,9

SECOND CALL.—December 7, 1871.

Matured March 7, 1872—Bonds of Second Series—$ 20,000,000.

Coupon.		*Registered.*
$ 50, No. 1 to No. 5,460	....	$ 50, No. 596 to No. 6
$ 100, No. 1 to No. 13,093	....	$ 100, No. 4,104 to No. 5,0
$ 500, No. 1 to No. 7,964	....	$ 500, No. 1,900 to No. 2,4
$ 1,000, No. 1 to No. 11,120	....	$ 1,000, No. 8,907 to No. 11,0
		$ 5,000, No. 2,666 to No. 3,4
		$ 10,000, No. 2,907 to No. 3,8

THIRD CALL.—December 20, 1871.

Matured March 20, 1872—Bonds of Second Series—$ 20,000,000.

Coupon.		*Registered.*
$ 50, No. 5,461 to No. 10,775	....	$ 50, No. 698 to No. 8
$ 100, No. 13,094 to No. 25,935	....	$ 100, No. 5,080 to No. 5,9
$ 500, No. 7,965 to No. 16,179	....	$ 500, No. 2,484 to No. 2,9
$ 1,000, No. 11,121 to No. 27,443	....	$ 1,000, No. 11,009 to No. 13,1
		$ 5,000, No. 3,403 to No. 4,1
		$ 10,000, No. 3,900 to No. 4,7

FOURTH CALL.—March 1, 1873.

Matured June 1, 1873—Bonds of Second and Third Series—$ 50,000,000.

Coupon. Second Series.		*Coupon. Third Series.*
$ 50, No. 10,776 to No. 27,798	....	$ 50, No. 1 to No. 1,2
$ 100, No. 25,936 to No. 66,646	....	$ 100, No. 1 to No. 4,7
$ 500, No. 16,180 to No. 41,373	....	$ 500, No. 1 to No. 3,0
$ 1,000, No. 27,444 to No. 71,259	....	$ 1,000, No. 1 to No. 5,7
Registered.		*Registered.*
$ 50, No. 841 to No. 1,233	....	$ 1,000, No. 13,151 to No. 20,6
$ 100, No. 5,992 to No. 8,803	....	$ 5,000, No. 4,103 to No. 6,4
$ 500, No. 2,959 to No. 5,360	.....	$ 10,000, No. 4,775 to No. 7,0

FIFTH CALL.—June 6, 1873.

Matured September 6, 1873—Bonds of Third Series—$ 20,000,000.

Coupon.		*Registered.*
$ 50, No. 1,201 to No. 6,200	....	$ 50, No. 1,234 to No. 1,320
$ 100, No. 4,753 to No. 20,000	....	$ 100, No. 8,804 to No. 9,500
$ 500, No. 3,001 to No. 10,700	....	$ 500, No. 5,361 to No. 5,700
$ 1,000, No. 5,734 to No. 22,600	....	$ 1,000, No. 20,681 to No. 23,300
		$ 5,000, No. 6,403 to No. 7,500
		$ 10,000, No. 7,093 to No. 9,680

SIXTH CALL.—August 16, 1873.

Matured November 1, 1873—Bonds of Third Series—$ 15,000,000.

Coupon.		*Registered.*
$ 50, No. 6,201 to No. 10,200	....	$ 50, No. 1,321 to No. 1,375
$ 100, No. 20,001 to No. 30,750	....	$ 100, No. 9,501 to No. 10,300
$ 500, No. 10,701 to No. 15,800	....	$ 500, No. 5,701 to No. 6,100
$ 1,000, No. 22,601 to No. 36,000	....	$ 1,000, No. 23,301 to No. 25,000
		$ 5,000, No. 7,501 to No. 7,900
		$ 10,000, No. 9,681 to No. 10,100

SEVENTH CALL.—November 1, 1873.

Matured February 1, 1874—Bonds of Third Series—$ 5,000,000.

Coupon.		*Registered.*
$ 50, No. 10,201 to No. 10,600	....	$ 50, No. 1,376 to No. 1,410
$ 100, No. 30,751 to No. 34,000	....	$ 100, No. 10,301 to No. 10,560
$ 500, No. 15,801 to No. 17,600	....	$ 500, No. 6,101 to No. 6,300
$ 1,000, No. 36,001 to No. 41,000	....	$ 1,000, No. 25,001 to No. 25,650
		$ 5,000, No. 7,901 to No. 8,100
		$ 10,000, No. 10,101 to No. 10,320

EIGHTH CALL.—June 3, 1874.

Matured September 3, 1874—Bonds of Third Series—$ 5,000,000.

Coupon.		*Registered.*
$ 50, No. 10,601 to No. 12,100	....	$ 50, No. 1,411 to No. 1,450
$ 100, No. 34,001 to No. 37,400	....	$ 100, No. 10,561 to No. 10,680
$ 500, No. 17,601 to No. 19,300	....	$ 500, No. 6,301 to No. 6,390
$ 1,000, No. 41,001 to No. 46,100	....	$ 1,000, No. 25,651 to No. 26,100
		$ 5,000, No. 8,101 to No. 8,300
		$ 10,000, No. 10,321 to No. 10,509

NINTH CALL.—June 5, 1874.

Matured September 5, 1874—Bonds of Third Series—$ 1,000,000.

Coupon.		*Registered.*
$ 50, No. 12,101 to No. 12,200	....	$ 50, No. 1,451 to No. 1,460
$ 100, No. 37,401 to No. 38,200	....	$ 100, No. 10,681 to No. 10,700
$ 500, No. 19,301 to No. 19,400	....	$ 500, No. 6,391 to No. 6,400
$ 1,000, No. 46,101 to No. 47,300	....	$ 1,000, No. 26,101 to No. 26,166
		$ 5,000, No. 8,301 to No. 8,303
		$ 10,000, No. 10,510 to No. 10,517

TENTH CALL.—August 1, 1874.

Matured November 1, 1874—Bonds of Third Series—$ 25,000,000.

Coupon.		*Registered.*
$ 50, No. 12,201 to No. 14,500	....	$ 50, No. 1,461 to No. 1,
$ 100, No. 38,201 to No. 45,100	....	$ 100, No. 10,701 to No. 13,
$ 500, No. 19,401 to No. 28,700	....	$ 500, No. 6,401 to No. 7,
$ 1,000, No. 47,301 to No. 70,200	....	$ 1,000, No. 26,167 to No. 31,
		$ 5,000, No. 8,304 to No. 9,
		$ 10,000, No. 10,518 to No. 11,

ELEVENTH CALL.—September 1, 1874.

Matures December 1, 1874—Bonds of Third and Fourth Series—$ 15,000,(

Coupon. Third Series.		*Coupon. Fourth Serie*
$ 50, No. 14,501 to No. 17,874	....	$ 50, No. 1 to No. 1,
$ 100, No. 45,101 to No. 54,928	....	$ 100, No. 1 to No. 1,
$ 500, No. 28,701 to No. 30,963	....	$ 500, No. 1 to No. 1,
$ 1,000, No. 70,201 to No. 78,132	....	$ 1,000, No. 1 to No. 4,
Registered.		*Registered.*
$ 50, No. 1,751 to No. 1,800	....	$ 1,000, No. 31,610 to No. 32,
$ 100, No. 13,301 to No. 13,900	....	$ 5,000, No. 9,801 to No. 10,
$ 500, No. 7,701 to No. 7,950	....	$ 10,000, No. 11,751 to No. 12,

TWELFTH CALL.—October 1, 1874.

Matures January 1, 1875—Bonds of Fourth Series—$ 10,000,000.

Coupon.		*Registered.*
$ 50, No. 1,311 to No. 4,200	....	$ 50, No. 1,801 to No. 1,
$ 100, No. 1,967 to No. 6,200	....	$ 100, No. 13,901 to No. 14,
$ 500, No. 1,787 to No. 5,000	....	$ 500, No. 7,951 to No. 8,
$ 1,000, No. 4,371 to No. 14,900	....	$ 1,000, No. 32,951 to No. 33,
		$ 5,000, No. 10,151 to No. 10,
		$ 10,000, No. 12,501 to No. 13,

TOTAL OF CALLS, September 1, 1871, to October 1, 1874, $ 286,000,000.

IMPORTANT RULING AS TO RAISED CHECKS.—The case of Sinclair & Morris v. the Central National Bank, was decided in the United States Circuit Court Philadelphia, on October 16th. Plaintiffs were the drawers of a check for $ 1 raised to $ 2,100 by the drawee, and claimed of the bank $ 2,000 imprope paid. Judge McKennan charged the jury that if they believed, from testimony and from an inspection of the check, that there was nothing unus in its appearance, nothing which would have been sufficient to put a care person upon his guard, then they should find for the defendants; if otherwi their verdict should be for the plaintiffs. The paying tellers of several ban having testified that there was nothing in the appearance of the check, raised, to excite suspicion, the jury rendered a verdict for the bank.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements (cents omitted).

Debt Bearing Interest in Coin.

	Sept. 1, 1874.		*Oct.* 1, 1874.
Bonds at six per cent	$ 1,213,228,050	..	$ 1,207,204,600
Bonds at five per cent	511,025,200	..	517,025,200
	$ 1,724,253,250	..	$ 1,724,229,800

Debt Bearing Interest in Lawful Money.

Certificates indebtedness at 4 per cent	$ 678,000	..	$ 678,000
Navy pension fund at 3 per cent	14,000,000	..	14,000,000
	$ 14,678,000	..	$ 14,678,000
Debt on which interest has ceased	2,578,440	..	6,457,710

Debt Bearing no Interest.

Old demand and legal-tender notes	$ 382,076,697	..	$ 382,075,407
Certificates of deposit	58,690,000	..	56,350,000
Fractional currency	45,797,675	..	46,731,018
Coin certificates	29,141,200	..	26,415,600
	$ 515,705,573		$ 511,572,026
Total debt	$ 2,257,215,263	..	$ 2,256,937,536
Interest	29,356,511	..	32,681,177
Total debt, principal and interest	$ 2,286,571,775	..	$ 2,289,618,714

Cash in the Treasury.

Coin	$ 71,083,928	..	$ 77,409,677
Currency	16,619,232	..	16,115,840
Special deposit held for redemption of certificates of deposit, as provided by law	58,690,000	..	56,350,000
	$ 146,393,160	..	$ 149,875,518
Debt, less cash in the Treasury, Sept. 1, '74	$ 2,140,178,614	..	
Debt, less cash " " Oct. 1, '74		..	$ 2,139,743,196
Decrease of debt during the past month	$ 1,626,760	..	$ 435,417
Decrease of debt since June 30, 1874	2,909,626	..	3,345,044

Bonds Issued to the Pacific Railway Companies, Interest Payable in Lawful Money.

Principal outstanding	$ 64,623,512	..	$ 64,623,512
Interest accrued and not yet paid	646,235	..	969,352
Interest paid by the United States	24,325,396	..	24,325,396
Interest repaid by transportation of mails, &c.	5,388,692	..	5,469,978
Balance of interest paid by the U. S.	$ 18,936,704	..	$ 18,855,418

[For comparison with previous periods see Banker's Magazine for August, page 136.]

DIVIDENDS OF THE BOSTON BANKS.

Name of Bank.	Capital.	Dividends 1874. Ap'l.	Oct.	Amount.	Surplus Profits. Oct., 1874
Atlantic National Bank	$750,000	5	5	$37,500	$317,86
Atlas National Bank	1,500,000	4	3	45,000	400.37
Blackstone National Bank	1,500,000	5	5	75,000	488,35
Blue Hill National Bank	300,000	5	3½	10,500	68.03
Boston National Bank	1,000,000	4	4	40,000	314.03
Boston (old) National Bank	900,000	6	5	45,000	275.83
Boylston National Bank	600,000	6	5	30,000	243.48
Broadway National Bank	200,000	5	4	8,000	31,40
Bunker Hill National Bank	500,000	6	6	——	....
Central National Bank	500,000	4	3	15,000	27,25
City National Bank	1,000,000.	4	4	40,000	189,60
Columbian National Bank	1,000,000	5	5	50,000	413,03
Commerce (National Bank of)	2,000,000	5	5	100,000	664,86
Commonwealth National Bank	500,000	4	4	20,000	135,21
Continental National Bank	1,000,000	4	4	40,000	268,49
Eagle National Bank	1,000,000	4	4	40,000	207.79
Eleventh Ward National Bank	300,000	4	4	12,000	....
Eliot National Bank	1,000,000	4	4	40,000	200,00
Everett National Bank	200,000	5	5	10,000	79.18
Exchange National Bank	1,000,000	6	6	60,000	816,90
Faneuil Hall National Bank	1,000,000	5	5	50,000	314,03
First National Bank	1,000,000	6	6	60,000	1,187,23
First Ward National Bank	300,000	–	4	12,000	....
Freeman's National Bank	800,000	5	4½	36,000	229,30
Globe National Bank	1,000,000	5	5	50,000	301,69
Hamilton National Bank	750,000	5	4	30,000	179,59
Hide and Leather Nat. Bank	1,500,000	4	4	60,000	156,97
Howard National Bank	1,000,000	4	4	40,000	151,95
Manufacturers' National Bank	500,000	3	3	15,000	31,07
Market National Bank	800,000	4	4	32,000	136.29
Mass. National, par. $250	800,000	4	4	32,000	231,80
Maverick National Bank	400,000	4½	4½	18,000	180,56
Mechanics' National Bank	250,000	5	5	12,500	....
Merchants' National Bank	3,000,000	5	5	150,000	1,180,03
Monument National Bank	150,000	6	6	9,000	120,00
Mount Vernon National Bank	200,000	4	4	98,000	63,13
National B'k of Brighton (p.80)	200,000	6¼	5	10,000	75,00
Nat. Market B'k of Brighton	250,000	7	7	17,500	136,94
New England National Bank	1,000,000	5	5	50,000	442,69
North National Bank	1,000,000	5	4	40,000	376,79
N. America (National Bank of)	1,000,000	4	3	30,000	132,82
People's National Bank	300,000	7	7	21,000	....
Redemption National Bank	1,000,000	5	5	50,000	560,48
Republic (National Bank of the)	1,500,000	4	4	60,000	461,79
Revere National Bank	2,000,000	5	4	80,000	459,821
Rockland National Bank	300,000	7	7	21,000	....
Second National Bank	1,600,000	6	5	80,000	777,600
Security National Bank	200,000	4	3	6,000	125,084
Shawmut National Bank	1,000,000	4½	4	40,000	207,381
Shoe & Leather National Bank	1,000,000	5	4½	45,000	219,777
State National Bank	2,000,000	4	3	60,000	68,307
Suffolk National Bank	1,500,000	4	4	60,000	347,458
Third National Bank	300,000	4	4	12,000	121,187
Traders' National Bank	600,000	3½	3½	21,000	124,100
Tremont National Bank	2,000,000	4	4	80,000	307,964
Union National Bank	1,000,000	6	6	60,000	503,011
Washington National Bank	750,000	6	5	37,500	287,533
Webster National Bank	1,500,000	4	3	45,000	201,123
Total, Oct., 1874, $52,200,000					

BANKING AND FINANCIAL ITEMS.

NOTICE.—The BANKER'S ALMANAC AND REGISTER for 1875 will be issued early in January, containing full and carefully corrected lists of the National Banks and State Banks in the United States, with names of President, Cashier, and New York Correspondent of each. Also, alphabetical lists of Cashiers and Assistant Cashiers. The Private Bankers in the United States, with name of New York Correspondent of each. Also, six hundred Savings Banks in the United States. The Banks and Bankers of Canada, New Brunswick, Nova Scotia, etc. The Banks and Bankers in the leading cities of Europe, Asia, Africa, Australia, South America, West Indies, etc., compiled in London expressly for this work.

Besides the usual amount of important Statistical information, the Almanac will contain among other illustrations: Twelve new Designs of Bank Buildings for City and Country Banks, prepared for this volume by Mr. H. J. PRESTON, Architect, Boston; also, New Bank Buildings in Philadelphia and other cities.

The names of new Banks or Bankers, and any information or suggestions for the new volume, will be thankfully received. Orders for the **Cards** of Banks and Bankers to appear in the ALMANAC should be sent on at once.

☞ The ALMANAC AND REGISTER for 1875 will be sent **only** when distinctly ordered. Banks accustomed to rely upon receiving the work without an order will please observe that it will *not* be so sent hereafter. The price is $3.

☞ Those who order and pay for the ALMANAC *before December* 15th, 1874, will be furnished in addition with a **Supplement**, whenever the Second Edition shall be issued, containing all the essential changes of the latter.

THE REDEMPTION AGENCY has made several calls upon the national banks since the suspension of redemptions, to reimburse the Treasurer for their notes, redeemed and assorted. When the banks shall have responded, the Agency will be in a condition to resume its functions. The force of the Agency is now sufficient to count and assort the bank-notes as fast as they are received. Hereafter calls will be made upon the banks for reimbursement as their notes are assorted. The five per cent. deposit leaves so small a margin for the Agency to work upon that Congress will be asked for additional legislation to place the Redemption Bureau in such condition as shall enable it to meet all requirements without the possibility of future suspension. It is evident that the deposit of five per cent. of the reserves affords too slight foundation for operations. Some banks failed to deposit even that amount when the Bureau was established, and it was difficult to induce them to comply with the law. The amounts of worn and mutilated notes daily received are now comparatively small, but it is feared that if the Bureau should resume without due preparation, the notes would be received in such accumulated quantities as to embarrass business materially. It is uncertain when the redemption will be resumed. Its temporary stoppage arose from the fact that the law required redemptions to begin at once, before any preparations for assorting the redeemed money could be made. Nearly $12,000,000 of the original five per cent. deposit of $17,500,000 were exhausted before the assortment could be gotten under way. As the Treasurer cannot call upon the banks to reimburse him for his redemptions of their notes until the notes are assorted, the Agency had really only about $5,500,000 to run upon after it was fairly started. The Comptroller of the Currency is prepared to reissue new notes to all National banks immediately upon being informed by the Treasurer that he has been reimbursed for notes previously redeemed by the Redemption Bureau.

The Bank Redemption Agency says that of the notes sent for redemptio those fit for classification are carefully selected, but the proportion, thus fa has not been large enough to warrant their assortment by banks. There is n disposition to cause the destruction of notes really fit for circulation. It i stated at the Agency that of the large amounts of notes sent to it a worn and mutilated, less than one per cent. are fit for circulation.

Call for the Notes of National Banks. — The Secretary of th Treasury, on the request of the Comptroller of the Currency, has issued a circu lar to the Assistant Treasurers and Designated National Bank Depositarie directing them to assort and return to the Treasury for redemption all notes National banks which have failed or gone into liquidation, or which have d posited legal-tender notes for the purpose of withdrawing a portion of the circulation. The total amount of such circulation outstanding is more tha $ 13,000,000.

Five-Twenty Bonds.—The Secretary of the Treasury made on October 1 a call for $ 10,000,000 in 5-20s, for redemption in three months. We give another page a complete summary of all the calls made to this date.

The Annual Meeting of the Clearing-House Association was he on October 7th, at the Clearing-House. The officers were elected for the ensui year, as follows:

Chairman—Charles F. Hunter.

Secretary—M. F. Reading.

Manager—W. A. Camp.

Clearing-House Committee—Jacob D. Vermilye, Moses Taylor, Henry F. Va Robert Buck, John L. Everitt.

Conference Committee—William A. Falls, Charles P. Leverich, J. Lee Smit Richard Berry, John Castree.

Nominating Committee—Sylvester R. Comstock, James M. Morrison, Jam D. Fish, William H. Cox, Alexander Gilbert.

Committee on Admissions—W. A. Hall, W. L. Jenkins, R. P. Perr O. H. Schreiner, John Parker.

Arbitration Committee—R. H. Lowry, George I. Seney, A. H. Trowbrid George W. Duer, N. F. Palmer.

The total transactions of the Clearing-House for the year amount $ 24,142,680,912.38, and the total transactions since its organization, a period twenty-one years, amount to $411,730,484,840.87.

Sale of the Commonwealth Bank Building.—On October 14th, the fiv story brown-stone building at the corner of Nassau and Pine streets, belongi to the National Bank of the Commonwealth, was sold at auction, by order of t receiver, to John E. Williams, President of the Metropolitan Bank, f $215,000. It is understood to have been bought by the Clearing-Hou Association.

The receiver of the Bank of the Commonwealth expects to declare a fin dividend of 20 per cent. to depositors within thirty days.

Bank Buildings.—It has been wrongly stated in a former number of t magazine, in common with all our city papers, that the Ocean Bank buildi at the corner of Fulton and Greenwich streets was to be taken down a replaced by tenement houses. This has been done with the Merchant Exchange Bank building at the corner of Dey and Greenwich. The Oce Bank structure remains, and has been either bought or leased by the O Dominion Steamship Company.

Foreign Exchange.—Messrs. M. K. Jesup, Paton & Co., 52 William S having made very satisfactory arrangements for their London account, with t Union Bank of London, now offer time and demand bills on th Institution.

Mr. John Austin Stevens, for many years President of the Bank of Commerce, died on October 19th, at his residence in New York, in his eightieth year. Mr. Stevens was for a long time President of the Merchants' Exchange, also Secretary of the Chamber of Commerce. He was President of the Bank of Commerce from its organization in 1839 until, feeling the weight of years, he resigned in 1866. He was Chairman of the Committee of the Banks of New York, Philadelphia, and Boston, which assembled here at the beginning of the rebellion, to extend aid to the Government, and which afforded it a loan of $ 50,000,000. Throughout the war, his counsel was frequently sought by the Treasury Department, and to his opinions great weight was always attached.

The Freedman's Savings and Trust Company.—The Commissioners are still unable to announce when the first dividend will be paid. They are said to have only about $ 50,000 in the treasury, and $ 600,000 are required to make a dividend of 20 per cent. In the present condition of the money market, the collections being slow and small, it will take a long time to raise sufficient funds for such a dividend. The approximate liabilities on the 11th of July were $ 2,800,000, and the assets $ 2,700,000. While much will be lost in collections, a considerable sum will be realized in accumulated interest. As a matter of economy, it has been determined to close all the branches at once.

Alabama. — The Commissioners' Court at Selma, on October 1st, decided the $ 140,000 worth of county bonds issued to the New Orleans and Selma Railroad to be illegal and void, and refused to levy a tax to pay the interest.

Connecticut.—Failure.—The Townsend Savings Bank of New Haven failed on September 25th, with liabilities of nearly three millions of dollars, and its affairs have been placed in the hands of a receiver. From an examination made two months before by the State Bank Commissioners, it appeared that the company had bought heavily of Southern State and railroad bonds at a low figure, with the hope that in time they would afford a large profit to the bank, but their value gradually depreciated, and, after repeated attempts to sell them in London, they came to be regarded as almost worthless. This becoming known to depositors, a run began, and the bank closed its doors, taking advantage of the time allowed by law. Assurances were repeatedly given in the daily papers that the bank had an amount of good first mortgages of real estate in the city sufficient to meet all its liabilities, but these statements proved unfounded. Nearly all the depositors are of the laboring classes.

The *New Haven Journal* of September 30th thus describes the condition of this institution: "The assets and liabilities of the bank may be set down, upon estimate, in round numbers, as follows: In mortgages upon real estate in this city and other portions of New Haven county, one million dollars; first mortgage bonds upon Union Gas Company property, New York city, half a million dollars; Philadelphia real estate, $ 230,000; New Haven real estate owned by the bank, $ 90,000; loans on collaterals, which include those furnished as security for the Ryder loan and other bonds and stocks, also loans on personal security, about one million dollars. Of the above allow $ 100,000, in round numbers, for shrinkage in real estate, and you have a total of over $ 2,800,000, which is about the sum of the liabilities of the bank. It will be remembered that the collaterals securing the loans amounting to a million amount to a large sum. Some of the collaterals are not very desirable; others have a market value which may be largely increased if the wheel of fortune should turn the right way."

Illinois.—The First National Bank of Cairo has discontinued business, and is closing up its affairs.

Arrest.—Mr. S. A. Briggs, formerly Vice-President of the now bankrupt Franklin Savings Bank of Chicago, was arrested in New York, on September 19th, on the suit of a creditor of the bank, but was released on the 24th, having promised to go at once to Chicago to challenge trial. Grave charges of embezzlement have been made against him, while his friends assert his entire innocence of any culpability in the affairs of the bank.

Paris.—Mr. C. W. Levings, who has been President of the Edgar County National Bank from its organization, having resigned on account of ill health, Mr. R. N. Parrish has been elected to succeed him in that office.

CHICAGO.—The leading items in the statements of the National banks con pare as follows:

	October 2, 1874.		June 26, 1874.		December 16, 1871.
Capital	$8,850,000	..	$9,000,000	..	$7,800,000
Surplus	4,075,898	..	3,975,804	..	2,824,276
Loans	25,042,955	..	24.111,753	..	18,870,352
Deposits	33,313,470	..	33.222,541	..	25,849,137
Total liabilities	38,178,315	..	39,070,141	..	17,014,287
Cash means	19,381,215	..	20,090,941	..	——

Almost all the banks show liberal deposits, a comparatively moderate li of loans for this period of the year, and a large amount of idle money hand. Indeed, the statements, as a whole, are doubtless the strongest th have ever been presented during the fall months.—*Chicago Times.*

INDIANA.—The old and well-known firm of W. J. Lowry & Co., at Evansvill has been dissolved, and its surviving members have established the Citizen National Bank of Evansville. The officers are: R. C. Slaughter, President; H. McNeely, Vice-President; and S. P. Gillett, Cashier. The capital of the ne bank is $175,000.

IOWA.—The resignation of Mr. D. E. Cooper, Cashier of the Citizens' Nation Bank of Winterset, having been tendered and accepted, Mr. L. F. Smith has bee elected Cashier of the bank, and Mr. W. F. Hadley its Vice-President.

KANSAS.—The State National Bank of Topeka has commenced business wit a capital of $100,000, taking the business of the Kansas Valley Bank, which ha been discontinued. The officers of the new bank are: Geo. W. Veale, Preside (late Vice-President Topeka Bank and Savings Institution); Chas. N. Rix, Vic President (late Cashier Kansas Valley Bank); and J. R. Swallow, Cashier (la Cashier Osage City Savings Bank). New York correspondents, Messrs. Donne Lawson & Co.

KANSAS.—The many friends of Mr. H. M. Northrup, formerly of the firm Northrup & Chick, New York, will be glad to hear that, having settled up all th affairs of that firm, he has established a new banking house at Wyandotte, Kansa the style of which is Northrup & Son. Their correspondents in this city a Messrs. Donnell, Lawson & Co.

LOUISIANA.—The Citizens' Bank of New Orleans, whose suspension was an nounced in our last number, has resumed business, the comparatively little ai needed for that object having been promptly afforded.

The statement that this institution had gone into bankruptcy was an erro which arose in some of the daily papers and was confirmed, through some misun derstanding, by its correspondent in this city.

BOSTON BANK DIVIDENDS.—Boston has fifty-eight banks, and they paid i semi-annual dividends in October $2,168,500, against $2,412,900 last Apri and $2,186,000 a year ago. They pay their entire municipal tax direct to th city at the rate of $15.60 per $1,000 of taxable value May 1, which is rate on the market price at that date, and all (except two) make a net dividen free of all taxes, these two deducting the tax from the dividend of each stock holder. The aggregate tax amounts to $1,024,818.60, or an average of 1.9 per cent. on the $52,200,000 bank capital, at its par value. Last year th total tax was $768,883.20 and 1.55 per cent., the difference being mainly due t the increased rate of taxation from $12.80 to $15.60 per thousand. Th changes in bank dividends from April are mostly in consequence of paying th tax at this time, but in comparison with one year ago, when the tax of 187 came in, the only real reductions are in the National Bank of Brighton, 6½ to 5 per cent; Freeman's, 5 to 4½ per cent.; and the Second National, six t five per cent. Several others fall off from the April payment to the same pe cent. as in October, 1873. The National Security nominally reduces from four to three per cent., but it is the intention to continue this rate quarterl instead of semi-annually. The First Ward National Bank, new June 1, 1873, increased its capital from $200,000 to $300,000 March 6, 1874, and now pays its first dividend of four per cent. on the full amount. The Everett doubled

its capital ($200,000 to $400,000) September 1, paying interest on the installments of the new, and the Blackstone will increase from $1,500,000 to $2,000,000 October 1. Of the fifty-eight banks three pay seven per cent., four six per cent., sixteen five per cent., three four and a half per cent., twenty-two four per cent., two three and a-half per cent., seven three per cent., and one divides January and July. The average rate is 4.37 per cent., and including taxes 6.36 per cent.—*Daily Advertiser.*

PHILADELPHIA.—The banking house of E. W. Clark & Co., which temporarily stopped payment about one year ago, and then arranged with its depositors for payment of all claims at designated periods in the future, the last extending to July 1, 1875, now gives notice that it is prepared to anticipate the remainder of its extended notes, and invites all holders to present them for payment without delay. We are gratified in announcing the full recovery of this old-established house to credit, and hope it may long continue to deserve the confidence of its friends and the public.—*Philadelphia Ledger.*

JAY COOKE & CO.—One of the surprising things in connection with the failure of Jay Cooke & Co. is the magnitude of their business. At the recent trial in Philadelphia, Mr. Morehead, one of the partners, testified that this firm negotiated for the Government $1,930,000,000 in bonds, and afterwards bought and sold $3,000,000,000 in addition. In ten years the firm transacted a business covering five billions of dollars, a larger amount than was ever handled in the same time by any house in the world. Mr. Morehead thinks the house failed from over-confidence. It had been dazzled by the enormous sums handled until $8,000,000 seemed a mere bagatelle. Instances of failure from doing too large and profitable a business are rare.

UTAH.—The Deseret National Bank at Salt Lake City announce, in our advertising sheet, their readiness to attend promptly to collections for that region. They understand the duty of taking pains in such business, whether the amount be small or large.

MOLSON'S BANK.—The annual general meeting of this bank was held at Montreal on October 12th. The report showed that after paying eight per cent. dividends this year, there remained $ 100,000 to be transferred to Rest account. The Reserved Profits account is now $ 450,000, or 22½ per cent. of the capital. This result of the year's business is very gratifying to the stockholders. The real estate owned by the bank, for the use of some of its branches, has largely increased in value since its purchase. A branch has been established at Smith's Falls. The Board of Directors was unanimously re-elected; and, subsequently, the same officers also.

HALIFAX, Sept. 29.—The Directors of the Nova Scotia Bank have decided to issue 1,250 new shares of $ 200 each, at a premium of twenty-five per cent., payable by installments. It is to be issued only to shareholders in the proportion of one new share to three old ones. The new call will make the capital one million dollars.—*Montreal Herald.*

Prince Edward Island.—Mr. George Macleod, late Manager at Renfrew of the Branch Bank of British North America, has been appointed Cashier of the Union Bank of Prince Edward Island. Mr. Macleod is reputed to be fitted by an ample experience to fill ably this position.

NOVA SCOTIA.—An agency of the bank of British North America is to be opened at Stellatown—the center of the Pictou coal district.

MORE FORGED BONDS.—Fraudulent and forged twenty-year bonds of the town of Greenville, before its annexation to Jersey City, have been put in circulation. Some of these bonds, which had been pledged to a Wall street broker as collateral, have been recently found to be an over-issue.

THE NATIONAL COINAGE.

The operations of the mints and assay offices during the fiscal year ending June 30, 1874, are shown by the following statement:

Gold deposits	$68,861,594 97
Silver do. purchases	15,122,151 31
Total amount received and operated upon	$83,983,746 28

Of the above, $29,736,387.82 gold, and $10,822,658.16 silver, were produced from the mines of the United States.

COINAGE.

Gold	$50,442,690 00
Silver trade dollars	3,588,900 00
Subsidiary coin	2,394,701 30
Minor coinage	411,925 00
Total coinage	$56,838,216 30

The difference between the amount of deposits and the amount coined is due to the redeposits, which amounted to $23,356,577.44.

BARS.

Fine gold bars of standard or above	$20,901,112 59
Unparted gold	10,584,705 41
Total gold	$31,485,818 00
Fine silver bars	$5,937,490 68
Unparted silver bars	910,308 50
	$6,847,799 18

The coinage of trade dollars, including the amount coined to the close of September 30, 1874, is more than half of the entire amount from 1793 to 1873, inclusive of the old silver dollar.

NEW MODE OF IDENTIFICATION.—The *Alta California* suggests that the difficulty encountered by strangers who present checks payable to order should be obviated by means of portraits. The payee to be required "to supply a couple of photographs of himself, on thin paper, to the drawer, who might fasten one to the draft and send the other to the drawee by mail. The photograph has not yet been introduced in banking business, as we believe it should and will be. The time will come when no large sum will be paid at the bank to a stranger without requiring him to deliver a good photograph of himself to the paying clerk, who can then and there compare it with the person before him, paste it on the back of the draft or check, mark it 'correct,' and sign it. Such precaution would prevent many of the crimes now committed, and becoming more frequent and more serious every day."

This might do well enough in the case of checks presented in person by the payee, but when they are transferred by indorsement to another, the utility of the photograph does not appear. We doubt whether even so troublesome and expensive an expedient would long withstand the skill of modern rascality, which would soon learn to counterfeit even the person represented.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from October No., page 321.)

OCTOBER, 1874.

☞ Banks are requested to furnish prompt notice of any future changes.

Name of Bank.	*Elected.*	*In place of*
Bull's Head Bank, N. Y. City......	James E. Kelley. *Prest.*	Adam S. Cameron.
Mer. N. Bank, Little Rock, ARK....	Lucien W. Coy, *Cash* ..	J. W. Smith.
First N. Bank, Col. Springs, COL....	George H. Stuart, *Prest.*	F. L. Martin.
Edgar Co. Nat. Bank, Paris, ILL....	R. N. Parrish, "	Calvin W. Levings.
State Sav. Bk, Indianapolis, IND....	William Hannaman, "	Charles Mayer.
First Nat. Bk, Lawrenceburg, " ...	Henry Fitch, *Cash*.....	P. Braun.
Citizens' Nat. Bk., Winterset, IOWA.	Levi F. Smith, "	Daniel E. Cooper.
Biddeford Nat. Bk., Biddeford, ME....	Chas. E. Goodwin, *Cash.*	Rich'd M. Chapman.
Franklin Bank, Baltimore, MD......	S. Sprigg Belt, "	Charles Goodwin.
Exchange Bank, St. Louis, MO.....	Joseph Bogy, *Prest.*....	S. M. Edgell.
Lancaster Co. Bank, Lincoln, NEB...	J. C. Leonard, *Cash*...	F. E. Atwood.
Bank of Havana, Havana, N. Y....	M. D. Carpenter, *A. Cash.*	Geo. W. Carpenter.
Franklin Nat. Bank, Columbus, O..	Charles J. Hardy, "	David Overdier.
Nat. Exchange Bank, " "	George W. Links, "	Charles J. Hardy.
U. S. Banking Co., Philadelphia, PA.	Wm. F. Simes, *Prest*...	L. M. Bond.
Lehigh Val. Nat. Bk, Bethlehem, "	H. G. Borhek, *Cash*....	A. N. Cleaver.
United States Bank, Pittsburg, "	D. Z. Brickell, *Prest.*...	Joseph Walton.
People's Bank of S.C., Charleston, S.C.	Geo. E. Gibbon, "	John Hanekel.
" " " " "	W. George Gibbs, *Cash.*	J. B. Betts.

THE PREMIUM ON GOLD AT NEW YORK,

SEPTEMBER AND OCTOBER, 1874.

(Continued from October Number, page 321.)

1874.	*Lowest.*	*Highest.*		*Lowest.*	*Highest.*		*Lowest.*	*Highest.*
January ..	10⅛	12½	Sept. 28..	9¾	10	Oct. 12 ..	9⅞	10⅛
February .	11⅜	13	29 ..	9¾	10⅛	13 ..	9⅞	10
March ...	11¼	13⅝	30 ..	10	10¼	14 ..	10	10
April	11¾	14⅜	Oct. 1 ..	10	10¼	15 ..	10	10⅛
May	11⅞	13⅛	2 ..	10⅛	10¼	16 ..	10	10
June	10½	12¼	3 ..	10	10⅜	17 ..	9⅞	10
July......	9	10⅞						
August...	9¼	10¼	5 ..	10	10⅛	19 ..	10	10
September	9¾	10¼	6 ..	10⅛	10¼	20 ..	10	10¼
			7 ..	10	10⅛	21 ..	10⅛	10¼
Sept. 25..	9½	9⅝	8 ..	9¾	10	22 ..	10⅛	10¼
26..	9½	9⅞	9 ..	10	10⅛	23 ..	10	10⅛
			10 ..	10	10⅛			

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from October Number, page 322.)

☞ Additions for this list are solicited from the subscribers to this work.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Petaluma, CAL.	First National Gold Bank	....
Georgetown, COL.	Fish, Phelps & Co	Kountze Brothers.
Hartford, CONN.	J. A. Butler & Co.	Allen, Stephens & Co.
Yankton, DACOTAH	Yankton Bank	Fourth National Bank.
Newcastle, DEL.	Cleaver Brothers & Co.	E. D. Randolph & Co.
Jacksonville, FLA.	Ambler National Bank	....
Apalachicola, "	W. F. Quaile & Co.	Allen, Stephens & Co.
Altona, "	H. P. Johnson & Co.	City National Bank, Chicago.
Fairbury, "	Bartlett, Beach & Downing	Allen, Stephens & Co.
Galesburg, "	Joseph Tillson	Allen, Stephens & Co.
Moweaqua, "	V. Snyder & Co	Gilman, Son & Co.
Oakland, "	Oakland Bank	Winslow, Lanier & Co.
Onarga, "	Wilson Brothers	George Opdyke & Co.
Preston, "	A. L. Bartholomew & Co.	Allen, Stephens & Co.
Rock Falls, "	E. Brookfield	Third National Bank.
Sullivan, "	T. B. Trower & Son	Merchants' Exch. Nat. Bank.
Evansville, IND.	Citizens' National Bank	Winslow, Lanier & Co.
Lafayette, "	German Savings Bank	None.
Terre Haute, "	Vigo County Bank	Importers & Traders' Nat. B.
Allerton, IOWA	First National Bank	....
Carroll, "	George W. Paine	Corbin Banking Co.
Calmar, "	John Scott	Corbin Banking Co.
Fort Dodge, "	H. Beecher	First National Bank.
Guthrie Centre, "	Ira P. Wetmore	Allen, Stephens & Co.
Iowa Falls, "	Bank of Iowa Falls	Corbin Banking Co.
" "	T. H. Hart	Importers & Traders' Nat. B.
Keokuk, "	S. P. Pond & Co.	Gilman, Son & Co.
Lemars, "	Plymouth County Bank	Corbin Banking Co.
Mt. Ayr, "	Ringgold County Bank	Gilman, Son & Co.
Oskaloosa, "	Gibbs Brothers	Gilman, Son & Co.
Salina, "	A. W. Ocobock	Corbin Banking Co.
Alma, KAN.	Farmers' Savings Bank	Corbin Banking Co.
Holton, "	Farmers' Bank	Donnell, Lawson & Co.
Washington, "	George W. Shriner & Co.	Corbin Banking Co.
Lawrenceburg, KY.	Anderson County Nat. Bank.	J. B. Alexander & Co.
Murray, "	Hale, Head & Co.	Norton, Slaughter & Co.
Baltimore, MD.	Drovers' Bank	....
" "	Traders' Bank	....
Boston, MASS.	R. L. Day & Co.	....
" "	Brewster, Bassett & Co.	Edward Sweet & Co.
" "	J. B. Moors & Co	Morton, Bliss & Co.

East Tawas, MICH...	Tawas Banking Co........	Ninth National Bank.
Jackson, " ...	Interest and Deposit Bank..	Ninth National Bank.
Lynn, " ...	W. H. Freeman...........	Allen, Stephens & Co.
Quincy, " ...	Bowen & McGowan........	Allen, Stephens & Co.
Romeo, " ...	Giddings & Moore.........	Importers & Traders' Nat. B.
Williamston, " ...	Crossman & Whipple......	Merchants' National Bank.
Wells, MINN........	Easton & Hangan.........	Ninth National Bank.
Winona, "	United National Bank.....	First National Bank.
Canton, MISS........	John B. Howell...........	Norton, Slaughter & Co.
Shelbina, Mo........	Bank of Shelbina..........	First National Bank.
Lincoln, NEB......	R. E. Moore...............	Gilman, Son & Co.
Omaha City, "	Byron, Reed & Co.........	Kountze Brothers.
" "	H. Pandt & Co	Kountze Brothers.
Tekamah, "	M. R. Hopewell...........	Kountze Brothers.
Virginia City, NEV...	George T. Marge	First National Bank.
Perth Amboy, N. J..	Middlesex County Bank....	Fourth National Bank.
Greene, N.Y........	N. F. Moore	Importers & Traders' N. B.
Lima, "	Bank of Lima..............	Donnell, Lawson & Co.
Ashland, OHIO	Farmers' Bank............	Third National Bank.
Bellevue, "	Exchange Bank............	Third National Bank.
Carey, "	D. Straw & Co.............	Ninth National Bank.
Gallipolis, "	Ohio Valley Bank.........	Winslow, Lanier & Co.
Hudson, "	S. Straight & Son..........	American Exchange Nat. B.
Marion, "	Fahey's Bank	Ninth National Bank.
Toledo, "	V. Hamilton & Co........	Merchants' Ex. Nat. Bank.
Philadelphia, PA.....	Justice Bateman & Co......	Drexel, Morgan & Co.
" "	Markoe & Brother	E. D. Randolph & Co.
" "	J. Moss, Jr.................	E. D. Randolph & Co.
Hyde Park, "	Miners & Merch's' L. & B.A.	First National Bank.
McKeesport, "	People's Savings Bank......	None.
Marietta, "	Exchange Bank.............	Vermilye & Co.
Pittsburgh, "	City National Bank........	Importers & Traders' N. B.
Charleston, S. C.....	W. S. Hastie & Son	Fourth National Bank.
Gallatin, TENN......	Sumner Deposit Bank......	None.
Belton, TEXAS.....	Chamberlin Brothers	Kountze Brothers.
Dallas, "	Schneider & Davis.........	Kountze Brothers.
" "	R. V. Tompkins	Allen, Stephens & Co.
Bastrop, "	Higgins & Garwood........	Swenson, Perkins & Co.
Galveston, "	Moody & Jemison.........	Norton, Slaughter & Co.
Gonzales, "	Lewis & Dilworth	Swenson, Perkins & Co.
Hillsboro, "	Abbott & McDonald.......	Swenson, Perkins & Co.
Lockhart, "	Harbert, Blanks & Co......	Swenson, Perkins & Co.
Paris, "	McNeil Brothers	Ninth National Bank.
San Marco, "	L. W. Mitchell & Brothers..	Swenson, Perkins & Co.
Waco, "	N. H. Conger & Co.......	Allen, Stephens & Co.
" "	Waco National Bank.......	Winslow, Lanier & Co.
Charlottesville, VA..	B. C. Flannagan & Son	Swenson, Perkins & Co.
Clarksburg, W. V...	Bank of West Virginia	Ninth National Bank.
Jefferson, WIS.......	Farmers & Merchants' Bank.	First National Bank.
Reedsburg, "	Reedsburg Bank...........	Vermilye & Co.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized Sept. 23 to Oct. 13, 1874.

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2188	Citizens' National Bank, Evansville, IND....	Robert C. Slaughter.. Simeon P. Gillett..	$175,000	$128,95
2189	Waco National Bank, Waco, TEXAS......	William A. Fort..... George W. Jackson.	100,000	50,00
2190	Anderson Co. National Bank Lawrenceburg, KY.	J. A. Witherspoon... J. A. McBrayer....	100,000	58,30
2191	First National Bank, Allerton, IOWA....	William Bradley..... T. P. Walden.....	50,000	50,00
2192	State National Bank, Topeka, KANSAS...	George W. Veale.... J. R. Swallow.....	100,000	50,00
2193	First National Gold Bank, Petaluma, CAL.....	I. G. Wickersham... H. H. Atwater....	200,000	100,00
2194	Ambler National Bank, Jacksonville, FLA..	D. G. Ambler....... Thomas H. Maxey.	50,000	42,50
2195	City National Bank, Pittsburgh, PA.....	Dominick Ihmsen.... J. W. Taylor......	200,000	200,00

DISSOLVED, DISCONTINUED OR CHANGED.

(Monthly List, continued from October No., page 324.)

NEW YORK CITY.

Henry Clews & Co., (assigned). Howard Lapsley & Co.

CALIFORNIA.—A. Delano, *Grass Valley*.

COLORADO. — Fish, Meserve & Phelps, *Georgetown*, (succeeded by Fish Phelps & Co.)

FLORIDA.—E. W. Denny, *Jacksonville*, (suspended).

GEORGIA.—A. B. Phelps, Jr., *Madison;* H. Mayer & Co., *Savannah* (suspended).

ILLINOIS.—First National Bank, *Cairo*, (closing, business transferred to City National Bank).

INDIANA.—W. J. Lowry & Co., *Evansville*, (succeeded by Citizens' National Bank).

KANSAS.—Kansas Valley Bank, *Topeka*, (succeeded by State National Bank).

MASSACHUSETTS.—Brewster, Sweet & Co., *Boston*, (succeeded by Brewster, Bassett & Co.); R. L. Day & Cobb, *Boston*, (succeeded by R. L. Day & Co.)

MISSOURI.—Bates County Savings' Bank, *Butler*, (sold out to Bates County National Bank).

NEBRASKA.—Bruner & Kipp, *West Point*, (succeeded by Uriah Bruner).

NEW YORK.—Hunt & Burrows, *Andover*, (now Burrows & Young); Daniel Stanley, *Lima*, (failed); J. M. Hammond, *Hume*, (now J. M. Hammond & Co.); Buck & Hunting, *Sag Harbor*, (now William Buck).

OHIO.—Toledo Savings Institution, *Toledo*, (changed to Toledo Savings Bank and Trust Co.)

PENNSYLVANIA.—McGirk & Perks, *Philipsburg*, (suspended).

TEXAS.—J. C. Higgins, *Bastrop*, (succeeded by Higgins & Garwood); Tompkins & Littlefield, (succeeded by R. V. Tompkins); Thomas H. Emerson & Co., *McKinney*, (succeeded by Thomas H. Emerson & Brother); Fort & Jackson, *Waco*, (succeeded by Waco National Bank).

NOTES ON THE MONEY MARKET.

NEW YORK, OCT. 22, 1874.

Exchange on London, at sixty days' sight, 4.85 *a* 4.85½ *in gold.*

In some quarters it has been expected that a movement would occur among the holders of real estate, a large number of whom in our chief cities are known to be carrying very heavy burdens. The present month, it was predicted, would witness defaults of interest which would cause considerable trouble. These prognostications do not appear to have been fulfilled unless in a few exceptional cases, and little trouble has been reported. This exemption from the anticipated pressure is ascribed almost wholly to the ease in the money market, which continues unbroken. Another expectation which has not been verified is the activity at the Stock Exchange, which has not been equal to the promise of a month ago.

A third feature is the strength of the gold market. Several well-known circum stances combined some weeks ago to depress the premium, and speculators were induced thereby to operate for a further fall. The consequence has been that the market is oversold, the bear speculators have fallen into the power of their adversaries for the moment, cash gold is in active demand for delivery, and borrowers have paid as much as 1-32 per cent. per day for its use. Some advantage is also taken of the fact that the bullion in the Bank of England shows a tendency to decline.

As the new currency bill is now better understood, it attracts less hostility. Many persons who exaggerated the evil effects which it threatened to produce in the financial system, finding that their calculations have proved incorrect, seem now to be disposed to err as much in the opposite direction; and they complain that the law is a nullity. If any one thinks the law a nullity, he may be undeceived by reference to our list of new banks for the last four months. A glance at our tabular exhibit of these institutions will suggest abundant evidence that the financial legislation of the last session has given an impulse to the banking movement in the Western States. Still, on the other hand, it is probable, from the facts so far as they have at present developed themselves, that the demand for increased banking facilities in the West and South was not so urgent as it had been represented.

The error of those who supposed the contrary was a very natural one. Finding that the farmers all over the country are compelled to pay very high rates for money, and especially that the rates exacted for mortgage loans have shown of late years a tendency to rise, these men have argued that this notorious evil would be corrected if banks were made more plentiful. A little reflection would have shown them that they had chosen the wrong remedy. Banks are essentially mercantile institutions, and the want to be supplied was not a mercantile want. It was not commercial facilities for short loans that the necessities of the West and South called for; but what was required was long loans on landed security, rather than short loans on mercantile credit. Making due allowance for both these opposite errors, which extensively prevailed with regard to the new law, that statute must be acknowledged

to have begun to work satisfactorily, and when Mr. Spinner's redemptio bureau is in full activity again, the whole machinery of the bill can be better judge on its merits.

The rates for money have shown for the last day or two a disposition to irregu larity. Time loans are easy. Call loans have ruled at 2 to 3 per cent. Th quotations for commercial paper are 5½ to 7 per cent. for prime three and fou months, while lower grade passes at 8 per cent. From the decline in the deposit of the New York banks we see the healthful movement of capital to the interior, i consequence of the autumn activity, of the movement of the crops, and the require ments of the merchants. The amount which the Clearing-House banks have lo during the month is nearly seven millions in deposits, the aggregates being mad up on declining averages, and showing that the movement is still going on. Th legal tenders have fallen four millions, and the specie nearly five millions, as wi be seen from the subjoined table:

1867.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Weekly Clearings.
Sept. 7	279,084,900	18,891,300	65,604,700	25,662,400	234,746,000	373,742,[illegible]
" 14	280,867,800	19,863,100	65,325,900	25,605,700	237,882,500	390,896,79
" 21	280,569,200	19,952,100	64,804,800	25,638,600	236,840,800	404,199,71
" 28	279,539,400	18,919,900	65,700,400	25,625,800	236,460,800	405,048,05
Oct. 5	281,277,000	18,374,200	63,966,100	25,419,600	236,925,900	516,055,7
" 12	281,377,800	16,946,700	62,394,200	25,115,800	233,471,200	481,795,67
" 19	282,275,200	15,007,800	60,697,000	25,060,500	230,222,700	465,875,34

It is interesting to compare with this movement the corresponding changes of th Boston banks, which are reported below. The deposits show an increase during th early part of the month, with a subsequent decrease; the former movement bein due to the payment of dividends.

	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.
Jan. 6, 1873	122,872,700	2,075,400	11,122,500	25,614,400	74,113,50
April 7	120,001,600	922,600	8,939,300	25,519,400	64,623,20
July 7	122,947,000	1,935,400	11,267,600	25,487,700	73,218,90
Sept. 1	123,417,600	1,121,500	10,733,200	25,490,200	68,625,50
Nov. 3	119,788,400	1,849,400	9,045,400	26,139,100	59,399,20
Jan. 5, 1874	124,287,100	3,513,800	10,466,300	25,791,600	70,219,20
Feb. 2	125,276,300	4,244,300	11,244,400	26,641,900	73,374,10
March 2	126,491,900	3,481,600	10,904,000	25,567,600	75,969,00
April 6	127,896,700	3,123,600	10,564,100	25,460,300	79,330,20
May 4	126,615,900	2,806,300	10,515,200	25,606,900	76,460,40
June 1	125,259,000	2,364,100	11,275,300	25,385,900	75,940,90
" 22	127,336,200	2,070,000	11,015,100	25,221,600	75,916,60
" 29	128,106,900	2,122,500	11,427,300	25,200,400	76,030,70
July 6	127,883,200	2,571,200	11,244,600	25,102,000	78,594,80
" 13	129,490,600	3,594,400	10,631,500	24,563,500	78,773,60
" 20	130,414,300	3,562,800	9,669,200	25,161,700	77,027,40
" 27	130,199,100	3,561,800	9,995,700	25,118,900	76,647,50
Aug. 3	130,357,000	3,548,400	9,690,300	25,130,600	76,285,20
" 10	130,402,100	3,439,800	9,434,100	25,179,400	75,249,90
" 17	129,158,400	3,372,800	9,393,100	25,238,100	74,686,90
" 24	129,299,000	4,325,000	9,468,600	25,296,100	73,919,80
" 31	129,696,600	2,753,200	9,745,200	25,166,800	73,716,70
Sept. 7	130,460,200	2,640,200	9,336,000	25,104,900	74,423,30
" 14	131,286,600	2,670,400	9,214,400	25,013,200	75,099,80
21	131,583,600	2,436,000	8,715,600	25,112,700	74,628,30
" 28	131,940,400	2,253,800	8,750,100	25,030,400	73,614,90
Oct. 5	131,818,100	2,183,300	8,587,800	25,010,600	75,858,70
" 12	132,527,600	1,927,600	7,958,300	24,955,700	75,972,80
" 19	132,563,100	1,714,600	7,491,400	24,941,300	75,382,90

At the Stock Exchange there is a firm tone in the market for investment securities. An advance of 1 per cent. in the Bank of England rate was announced on the 15th inst., but the diminished money facilities in London have not produced any notable effect upon the quotations for Government bonds, either here or abroad. For five-twenties and for the new fives there is a steady demand from savings banks and trust companies, which are now less disposed than formerly to place their funds in inferior securities, even where they are not restricted by law. The Secretary of the Treasury has announced that he will pay the November interest without rebate, on and after the 26th inst. Some rumors have been current as to the Syndicate, which were probably started for the sake of influencing the market. We are informed that the prospects of the Syndicate are favorable. By the terms of their contract with the Treasury, their option extends to 1st February, 1875, prior to which time it will probably not be known whether they will decide to take or to refuse the balance of $119,000,000 of the funded fives of 1881. To meet the 55 millions of subscriptions to the funded fives, of which all but ten millions were from the Syndicate, Mr. Bristow has called 50 millions of five-twenties, and the interest on the last 10 millions will cease 1st January. A full statement in detail of the numbers of the bonds comprised in these and the previous calls will be found on a previous page of this issue. In State bonds there is little doing, and prices are steady. Railroad bonds are firm and in demand for investment. In the share market there have been various fluctuations the first half of the month, showing a great amount of speculative activity. Gold and foreign exchange are firmer. Cotton bills are not coming forward so freely as was expected from the large port-receipts. The Liverpool market has been too low to admit of large shipments. Bankers have, therefore, been reluctant to draw, and the hardening of rates has been due to the uncertainty, rather than to any special activity in the demand. We append our usual quotations:

QUOTATIONS:	*Sept.* 24.	*Oct.* 1.	*Oct.* 8.	*Oct.* 15.	*Oct.* 22.
Gold	109⅝	110⅛	109⅞	109⅞	110¼
U. S. 5-20s, 1867 Coup.	116⅞	117	117¼	117¼	117⅝
U. S. new Fives Coup	111⅞	112⅛	112¼	112⅜	112½
West. Union Tel. Co.	78½	80⅝	79¾	79⅛	79⅞
N. Y. C. & Hudson R.	101⅜	101¼	101⅝	101⅜	101
Lake Shore	76¾	82	80⅜	78¾	80¾
Chicago & Rock Island	103⅛	103⅝	102¾	98½	98⅛
New Jersey Central	105	106	103½	104	104
Erie	37⅝	35½	33⅛	29⅝	30
Bills on London	4.83 *a* 4.84	4.84¼ *a* 4.85	4.84½ *a* 4.85½	4.84 *a* 4.84½	4.85 *a* 4.85½
Treasury balances	$57,205,367	$56,725,503	$56,802,202	$56,456,182	$56,330,490
Do. do. gold	55,326,134	55,595,520	56,084,144	57,110,996	57,357,135

In the financial circles some interest has been expressed in the meeting at Chicago between the Western Railroad Commissioners and the representatives of the railroads on the 15th inst. The general freight agents adopted a classification of freights, to go into effect November 25, as follows: Chicago to New York, first class, $1.50 per cwt.; Chicago to New York. second class, $1.10 per cwt.; Chicago to New York, third class, 85 cents per cwt.; Chicago to New York, fourth class, 45 cents. per cwt. Cattle rates, Chicago to New York, were fixed at 55 cents per cwt., and from Chicago to Buffalo and Pittsburgh, pro rata on New York. Cotton rates were established at $1 per cwt. from Memphis and Nashville to New York, with the privilege of compressing the cotton.

Another railroad item of financial interest is the probable settlement of the long deferred recognition by the Government of the completion of the Union Pacific and the Central Pacific railroads. During the term of office of Secretary Cox a report was made by a Commission, in which certain improvements were recommended to render the roads complete as first class railroads within the meaning of

the act of Congress. A commission recently appointed by the President has j completed an examination of the Union Pacific road, for the purpose of ascertaini whether it has been completed. The recommendations of this committee, if favorab will settle the status of the Union Pacific Railroad, and will give to the Compa its entire land grant, amounting to some 12,000,000 acres. Both these Pacific R road Companies are required by law to begin immediately after the acceptance their roads, to pay into the Treasury of the United States 5 per cent. of their earnings toward meeting the principal and interest of the bonds advanced by Government for the construction of the roads.

The September reports of foreign commerce at this port are not quite so favo ble as those of last year. The imports for the month amount to $31,371,083 agai $30,648,996 in 1873, and $36,379,005 in 1872. The aggregates for the nine mon compare as follows in gold values:

Foreign Imports at New York for Nine Months from January 1.

	1872.	1873.	187
Entered for consumption	$ 159,292,057	$ 143,353,313	$ 138,116,
Entered for warehousing	147,989,463	100 371,260	89,983,
Free goods	37,998,958	67,960,217	83,056,
Specie and bullion	5,002,483	3,901,492	5,037,
Total entered at port	$ 350,282,961	$ 315,586,282	$ 316,194,
Withdrawn from warehouse	127,863,482	96,840,250	84,840,

The exports show a decline, which, in part, is due to the check given to the ward movement of breadstuffs. The total exports for September, exclusive of spe were $21,690,714 in 1874, against $25,799,042 in 1873. The exports since Januar compare as follows, the domestic produce being computed in currency and other exports, for the most part, in specie:

Exports from New York to Foreign Ports for Nine Months from January 1.

	1872.	1873.	1874
Domestic produce	$ 158,102,659	$ 206,756,640	$ 209,263
Foreign merchandise, free	1,147,343	1,618,167	1,622
do. dutiable	7,418,010	6,877,128	5,275
Specie and bullion	58,382,370	41,559,101	42,661
Total exports	$ 225,050,382	$ 256,811,036	$ 258,822
do. exclusive of specie	166,668,012	215,251,935	216,161

DEATHS.

In NEW YORK, on October 19th, aged seventy-nine years, JOHN A. STEVE President of the BANK OF COMMERCE, from its organization in 1839 until 1866.

In NEW YORK, on Wednesday, October 21st, aged seventy years, THOMAS DEN of the firm of THOMAS DENNY & CO., bankers.

THE

BANKER'S MAGAZINE,

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VOL. IX. THIRD SERIES. DECEMBER, 1874. No. 6.

CONGRESS AND CURRENCY EXPANSION.

With the near approach of the session of Congress, a number of financial questions have been agitated, and rumor is busy. One of these questions, which has attracted considerable notice, is that of currency inflation. Two theories have been started. One party say there is a prospect that Congress, during its short session, will pass an act to increase the greenback issues; while the other party declare that if any currency legislation be effected at all, it will be rather for contraction than for expansion. We do not see any reason to believe that either of these extreme views will prove correct.

With regard to contraction of the greenbacks, there is no doubt that before specie payments can be reached, we must curtail to a considerable extent the outstanding aggregate of our paper currency. But this is only one of the prerequisites of resumption, and until the Treasury shall have accumulated a more ample surplus of coin reserve than at present, all attempts at resumption will be in vain. Consequently it is clear, that if necessary, a sound financial policy may defer contraction until the Treasury has accumulated a larger coin balance. That this course is necessary, and that it will be adopted, will become apparent, we think, very early in the session. The public prejudice seems very strong against contraction on account of the untimely and mischievous way in which it was carried on in 1867. Before the process can be again commenced with the popular sanction, a more safe and effective method must be devised for its accomplishment.

As to expansion, it is beyond the constitutional power of Con gress to authorize any issues of legal-tender notes in time c peace. It has been repeatedly held by the Supreme Court of th United States, that except under the war powers conferred o Congress by the Constitution, the act of 25th February, 186 commonly called the legal-tender law, would have been unconst tutional. Thus the notes it created could not have remained legal tender for debts. But these war powers are, of course, i abeyance in time of peace. Hence Congress has no power to au thorize any addition to the present aggregate of legal-tender note From these premises it follows, that there is no foundation fo the above-mentioned rumor, nor is it possible that Congress ca legally expand the greenback issues, even if a majority of bot Houses could be induced to pass such a measure, and which still more improbable, if the President could be prevailed upo to sign an Inflation Bill.

This argument, conclusive as it is, does not satisfy the expa sionists. They contend that Congress, in passing the law of Jun 1874, raised the aggregate of the greenback circulation from 3 millions to 382 millions, and they ask how it is possible to de to Congress the power of issuing greenbacks in time of peac when they have so recently exercised the prerogative by the iss of 26 millions, a year ago? This specious argument puzzles ma people, but it has two fatal defects. It mistakes both the la it pretends to interpret, and the circumstances under which th law was passed.

To interpret the statute of 1874, it must be taken in conne tion with the other legislation about greenbacks. To separate th law from the chain of monetary enactments of which it forms link, is to violate a fundamental canon of legal exposition.

Now, the chief statutes controlling the greenback issues are, t three acts of February 26th, 1862, July 11th, 1862, and Mar 3d, 1863. Chief Justice Chase gives a summary of these statut in delivering the decision of the Supreme Court of the Unit States, in the case of The Banks *v.* The Supervisors (7 *Wallace*, 2 The Chief Justice, who was Secretary of the Treasury at the ti of the passage of the legal-tender laws, says: "The act of Febr ary 25, 1862, provided for the issue of these notes to the amou of one hundred and fifty millions of dollars. The act of July 1 1862, added another hundred and fifty millions of dollars to t circulation, reserving, however, fifty millions for the redemption temporary loans, to be issued, and used only when necessary f that purpose. Under the act of March 3, 1863, another issue one hundred and fifty millions was authorized, making the who amount authorized four hundred and fifty millions, and conte plating a permanent circulation, until resumption of payment coin, of four hundred millions of dollars." The same view w again expressed by Mr Chief Justice Chase, in December, 186 in the case Veazie Bank *v.* Fenno (8 *Wallace*, 537).

What the Chief Justice does not state is, first, that the acts in question authorize the "*re-issue*" of the four hundred millions of greenbacks, "as the public interest shall require;" and secondly, that the Secretary of the Treasury was the officer designated and empowered to control these re-issues of greenbacks, and to keep them within the bounds laid down by the law. Thirdly, Mr. Chase omitted, as irrelevant to his purpose, another statute, very important for our present argument. We refer to the act of 12th April, 1866, commonly known as the greenback contraction law. It provided, "that of United States notes not more than ten millions of dollars may be retired and canceled within six months from the passage of this act, and thereafter, not more than four millions of dollars in any one month." In obedience to this statute, Mr. Secretary McCulloch continued to reduce the outstanding greenbacks till the beginning of the year 1868, when the amount was brought down to 356 millions. On the 4th February of that year, a law was enacted, which declared that "the authority of the Secretary of the Treasury to make any reduction of the currency, by retiring or canceling United States notes, shall be, and is hereby, suspended; but nothing herein contained shall prevent the cancellation and destruction of mutilated United States notes, and the replacing the same with notes of the same character and amount."

From the day of the passage of this act, greenback contraction was stopped, and the law, as interpreted by the Secretary of the Treasury, who had to administer it, fixed two limits to the aggregate circulation, the minimum being 356 millions, and the maximum 400 millions. The following information is given by Mr. Secretary Richardson, in his book on the Public Debt. The greenbacks outstanding, he says, were "356 millions of dollars. Since the passage of the act of February, 1868, that is the limit below which United States notes cannot be reduced without Congressional enactment. Between that minimum and the 400 millions authorized by law, the issue of the reserve of 44 millions of dollars is left to the discretion of the Secretary of the Treasury, who has temporarily issued portions of it on the following occasions of pressing necessity: During the month of September, 1869, about a million and a-half of dollars of the 3 per cent. demand certificates came in suddenly for redemption, and were paid out of this reserve; but the amount so withdrawn was within two weeks again restored thereto. In the great fire of Chicago of 1871, about a million and a-half of notes were burned and entirely destroyed in the office of the depositary at that place, and the Secretary increased the apparent circulation by that amount from the reserve, until by the seventh section of the Act of June 10, 1872, chapter 415, Congress authorized the accounting officers to allow a credit of the burned notes in the accounts of the depositary and in the books of the Department when the amount was restored to the reserve." Since Mr. Richardson published this statement another "pressing emergency" arose after the Jay-Cooke panic of that

year. Twenty-six millions of the greenback "reserve" w emitted, as will be seen in the subjoined table. But even t the aggregate of outstanding greenbacks remained much below then legal maximum of 400 millions. From this discussion, i clear that Congress, in the laws we have cited, has not clai or exercised any authority since the war, to sanction increa issues of greenbacks. So far as we have seen, the acts of 1 and 1863 were the only laws on the statute book of the Un States which claim this power. They fixed the maximum at millions, and there it might have remained till this day but subsequent legislation. To this later legislation we next procee

On the 18th March, 1869, President Grant signed the first ute of his administration. This law was entitled "an act strengthen the public credit," and after other provisions, it decl that "the United States also solemnly pledges its faith to m provision at the earliest practicable period for the redemptio the United States notes in coin."

By the solemn pledge thus given of the credit of the Gov ment, a necessity was created to reduce the maximum of greenbacks below its old level of 400 millions. This pledge redeemed by the act of June last, which established the maxi at 382 millions. In passing this law, Congress claimed no p to increase the greenback issues in time of peace; but they claim the power to reduce and contract the issues, so as to f or at least to begin to fulfill, the pledges recorded in the st of 1869. To show the changes which the volume of the curr underwent during the course of the legislation here reviewed have compiled the subjoined table:

GREENBACK MOVEMENTS—1865–1874.

	1874.	1873.	1868.	1867.	1866.	1
	$	$	$	$	$	
January	378,481,339	358,642,295	356,159,127	380.497,842	426,231,390	-
February	381,794,029	358,098,138	356,159,127	381,427,090	423.902,223	
March	382,078,592	356,084,303	356,157,747	376,235,626	423,435,373	-
April	382,076,837	358.591,735	356,144.729	375,417,249	422 749,252	433,
May	382.076,777	357,231,585	356,144,727	374,247,687	415,164,318	433,
June	382,076,777	356,082,622	356,144.212	373,209,737	402,128,318	430,
August	382,076,707	356,079,967	356,021,073	369,164,844	400.361.728	433.
September	382,076,697	356,079,937	356,021,073	365 164,844	399,603,592	433.
October	382,075,407	356,079,742	356,021,073	361,164,844	399,165.292	428.
November	382,075 267	361,031,948	356,021,073	357,164,844	390,195,785	428,
December	——	367,001,685	356,021,073	356,212,473	385,441,849	426,

We need not go further into this argument. Enough has said to show the impossibility of proving that the la June, 1874, sanctioned new issues of greenbacks. On the trary, that statute reduced the maximum issues to 382 mill from 400 millions, which was the maximum fixed by the three statutes above referred to, which were passed during the war.

Secondly, the inference falls to the ground that Congress sesses, or has ever claimed, in time of peace, the power to c greenbacks. This inference is based on the allegation that have been passed for that purpose. But the acts we have e

ined above are, we believe, all that are contained in the statute-book of the United States for the regulation of the greenback currency. As no one of those acts has sanctioned any new emission of greenbacks, except during the war, it is clear that the advocates of expansion must give up this argument. The facts prove the very opposite of what they allege, and show that Congress has neither claimed nor exerted any power to inflate the greenback currency in time of peace.

Thirdly, the inflationist errors we have been combating arise out of a fundamental misconception of the safeguards which the Constitution of the United States throws around the currency. The nature of those safeguards has often been discussed. Their result is, that while in the dire extremity of war, Congress has the power to protect the national life by the issue of paper money, such issues are not only forbidden under any other contingency; but with the return of peace, the duty devolves on Congress of retracing its steps as soon as possible, and of restoring specie payments.

GROWTH AND MANAGEMENT OF SAVINGS BANKS.

The London *Economist* recently expressed surprise that the economic writers of Europe do not more studiously turn their eyes to this country—to its vigorous growth in material wealth, and its suggestive experiences in financial legislation. The same opinion has frequently been expressed in this country. If, however, there is no doubt that much advantage would accrue to the practical study of political economy were the hint adopted, it is also equally certain that the converse of the proposition is true, —that our monetary statesmanship in this country might be preserved from many gross errors if we would make an intelligent study of European finance. In fact, it is true, that here, as in so many other fields of practical philosophy, both continents are supplementary to each other, and the circle of knowledge cannot be completed by the man who ignores either the one or the other.

We lately offered some statistics as to the savings banks of France and Continental Europe. In this article, we proceed to those of our own country. And, first of all, we must notice the amendment to the Constitution of the State of New York, which effects important changes in the method of granting charters to savings institutions. These changes go into effect 1st January. The new amendment declares that "the Legislature shall, by general law, conform all charters of savings banks or institutions for savings to a uniformity of powers, rights and liabilities, and all charters hereafter granted for such corporations shall be made to conform to such general law and to such amendments as may be made thereto. And no such corporation shall have any capital stock, nor shall the trustees thereof or any of them have any interest whatever, direct or indirect, in the profits of such corpora-

tion; and no director or trustee of any such bank or institut shall be interested in any loan or use of any money or prope of such bank or institution for savings. The Legislature sl have no power to pass any act granting any special charter banking purposes; but corporations or associations may be for for such purposes under general laws."

Some doubt has been expressed as to whether this string provision touches the existing savings banks, and the opinion strongly urged that it should apply solely to the future, and savings banks to be hereafter created. The enactment of the eral law prescribed will probably be a prominent object with Legislature of this State during its winter session. The exam of New York will no doubt be followed in other parts of country, and we would suggest that a compilation would useful of the laws now regulating savings institutions, both in several States and abroad. Some of our young lawyers or ban who are contemplating a visit to Europe could, without m trouble or expense, procure copies of the statutes of the sev countries on this subject, so as to collect the foreign materials a complete digest, while the information as to our own count already easily accessible. The above amendment to our S Constitution, and the legislative changes to which it is likel lead, will, it is hoped, introduce new safeguards into that pa our national finance which has to do with the protection of hard-earned savings of the frugal poor.

In investigating savings banks, says M. Charles Coquelin, t things are to be considered: their control by legislation, their sy of organization, and the rapidity and permanence of their prog Waiving the further discussion of the first points mentioned, we briefly consider the last. During the progress of savings institut a notable change has taken place in their relations to the fina system. They wielded originally small masses of capital, they are much more recent in their origin than ordinary bank deposit and discount. In this country, as in Europe, savings stitutions were first organized as charitable associations. In P delphia, the first American savings bank was organized in under the name of the Philadelphia Savings Fund Society. March, 1819, the first savings bank was incorporated in this S under the title of the Bank for Savings in the City of New Y and it still holds a place among the safest and most prospe of our moneyed institutions. This bank and most of the e American savings institutions were expressly declared in charters to be established from a desire "to ameliorate the co tion of the poor and laboring class of the community." H the popular idea of savings banks is, that they are a part of provident and beneficent machinery of society, like Asylums Homes for the indigent, by which the poor, the weak, and defenseless are protected and cared for. In foreign countries, view of savings banks has placed them under the patronag the Government, but in the United States it is the proud c

of our savings banks that they have never been a burden upon the Government, or a charge upon municipal or general taxation. The only eleëmosynary aid they receive is the gratuitous service of the boards of trustees; and in our large cities the charitable character of their origin has been obscured by the rapid growth of the vast aggregates of capital which are wielded by American savings banks. In this city, its amount is no less than 184 millions of dollars, or more than the aggregate of the English savings banks thirty years ago. For although the English savings banks now hold 56 millions sterling, their deposits in 1841 are stated by Mr. Palgrave at 30 millions sterling, or 150 millions of dollars. Since the panic of 1857, the savings banks deposits of the State of New York have multiplied sevenfold. This will be seen by the subjoined table:

NEW YORK SAVINGS BANKS DEPOSITS, 1858 TO 1874.

	Deposits.		*Increase.*
January 1, 1858..................	$41,422,672	....	......
January 1, 1859..................	48,194,847	....	$6,772,175
January 1, 1860..................	58,178,160	....	9,983,313
January 1, 1861..................	67,440,397	....	9,262,237
January 1, 1862..................	64,083,119	....	*3,357,278
January 1, 1863..................	76,538,183	....	12,455,064
January 1, 1864..................	93,786,384	....	17,247,201
January 1, 1865..................	111,737,763	....	17,951,379
January 1, 1866..................	115,472,566	....	3,734,803
January 1, 1867..................	131,769,074	....	16,296,508
January 1, 1868..................	151,127,562	....	19,358,488
January 1, 1869..................	169,808,678	....	18,681,116
January 1, 1870..................	194,360,217	....	24,551,539
January 1, 1871..................	230,749,408	....	36,389,191
January 1, 1872	267,905,826	....	37,156,418
January 1, 1873..................	285,286,621	....	17,380,795
January 1, 1874..................	285,520,085	....	233,464

* Decrease.

We may appeal to these statistics in confirmation of the statement we made last month in discussing the decline in emigration, that the wages-earning classes are better off in this country than in Europe, and that mechanics and laborers, from whose earnings by far the greatest part of the savings bank deposits flow, enjoy more opportunities for saving, as the wealth and productive forces of the country increase. It is interesting to see that the growth of the savings banks has been so constant. Still it shows considerable irregularity, and offers a sort of barometer by which to measure the relative well-being of the masses of our people. When the war broke out, for example, multitudes were thrown out of work from the shock given to the industrial mechanism of the country. Hence the deposits of the New York savings banks ran down from 67 millions to 64 millions. This is the only instance in which a loss is shown during the past sixteen years. Again, when the war closed, another great shock overtook the productive organism, and convulsed its movements. In 1865, as a result of this, the deposits rose but four millions, or less than

one-fourth of the previous year. There was, however, an imme diate recovery, and an increase until the panic of last Septembe The effect of that disaster was to check the rising tide of th deposits, and to leave them at about the same level that the had reached a year before. To show the precise force of th panic in disturbing the savings bank deposits, we give the follow ing figures:

DECREASE OF DEPOSITS DURING THE PANIC IN THE BANKS O THE STATE OF NEW YORK.

	Jan. 1, 1873.		*July* 1, 1873.		*Jan.* 1, 187
Amount due depositors	$285,286,621	..	$293,178,031	..	$285,520,0
Other liabilities............	266,846	..	383,306	..	620,6
Surplus....................	19,796,864	..	21,194,433	..	21,448,9
Total................	$305,330,331	..	$314,755,770	..	$307,589,7

It thus appears that in 1873, during the first six months, the was an increase in the deposits amounting to $7,891,410, whi would have given, but for the panic, an increase for the year nearly sixteen millions, or about the same as the average for t last ten years. This is only half the increase of 1870 and 18 which were exceptional years of high wages and large savin It is interesting to know how much of this increase belongs the city of New York. The proportion is shown in the followi table to be about two-thirds:

DECREASE IN THE NEW YORK CITY SAVINGS BANKS DURI THE PANIC.

	Jan. 1, 1873.		*July* 1. 1873.		*Jan.* 1, 1
Amount due depositors....	$169,503,273	..	$175,189,325	..	$170,998,
Surplus....................	12,332,308	..	12,952,506	..	13,026,
Total...............	$181,923,286	..	$188,237,109	..	$184,414,

These comparative figures throw light upon some of the qu tions of economic and social science, which have attracted much attention of late. We are here concerned, however, w the simple fact, that the panic, instead of inflicting upon savings banks a drain of from 15 to 30 millions, caused net los to the amount of no more than five millions, part of which h since returned to bank. Similar facts might be cited from savings banks statistics of other States.

Thus, in New Jersey the savings bank deposits rose fr $29,183,021 in 1873 to $30,454,349 in 1874. In California deposits of the interior banks rose from $6,337,219 in 1871 $9,745,922 in 1873, and to 12,089,895 in 1874; in the San Fr cisco savings banks the deposits rose from $34,541,597 in 1 to $43,731,223 in 1873, and to $50,843,159 in 1874. Hence whole of the savings bank deposits of the State of Califor amount to 63 millions against 53 millions in 1873. In N England the deposits have risen from 355 millions to 385 milli

during the year. The present deposits, and the number of depositors compare as follows with previous returns of the New England Savings Banks:

	No. of depositors.				Amount of deposits.			
States.	1870-1.	1871-2.	1872-3.	1873-4.	1870-1.	1871-2.	1872-3.	1873-4.
Mass.	431,769	561,001	630,246	666,229	$112,119,016	$163,704,077	$184,797,314	$202,195,343
Conn.	165,692	178,087	201,742	205,510	47,904,834	62,717,814	68,523,400	72,205,624
R. Island	67,238	80,076	88,664	93,124	27,067,072	36,385,108	42,583,535	46,617,164
Maine	39,527	69,411	81,320	90,398	10,490,368	22,787,802	26,154,331	29,556,498
New Hamp.	71,536	86,791	94,967	92,501	18,759,461	24,700,744	28,462,310	28,921,502
Vermont	14,295	15,988	15,988	16,200	2,037,934	4,438,268	4,881,789	5,751,002
	790,057	991,354	1,112,927	1,153,962	$218,378,685	$314,733,813	$355,702,679	$385,247,133
New York	712,109	776,700	822,642	839,472	230,749,408	267,905,866	285,286,621	285,520,085

The deposits of the savings banks per head of the population in New York is $65; in Massachusetts, $129; in Connecticut, $134; in Rhode Island, $203,—in Austria the amount per head is only $8·20; in France, $3; and in England, $9·20. These European figures offer a suggestive commentary on the statements of those who pretend that the sober, industrious mechanic in this country is in no better circumstances, and can save no more of his wages, than in the Old World. The savings bank averages of England, Austria and France we give on the authority of M. Malarce, who has just visited England and Continental Europe, and has taken special pains to compile from original sources statistical and other information. When M. Malarce's report appears it will be a welcome addition to the literature of this department of finance. A similar contribution to the history of savings banks in our own country is likely, as we recently announced, to appear before long from the pen of the Superintendent of the Banking Department of the State of New York.

PROFESSOR CAIRNES AND ECONOMIC SCIENCE.

It has often been observed that England, notwithstanding the enormous growth of her commerce and wealth, is one of the countries which offer the least favorable incentives to the scientific study of political economy, and that for several years past France, Germany, and some other European countries, have proved to be a more favorable fields for investigating the phenomena and the principles of economic progress. This remark is sometimes provoked in consequence of the narrow limits imposed upon themselves by the powerful and original thinkers who in England have been devoted for the last quarter of a century to the culture of this youngest and least matured of the inductive sciences.

In illustration, we may point to the limited circulation obtained in foreign countries by the British treatises on political economy

which have been published since that of Mr. John Stuart M Most of these works display accurate scholarship and a bro culture, without much practical observation derived from act contact with the living facts of modern finance and indust One of the best of the recent economic works produced in E land has just been republished in this country. It is writ by Professor J. E. Cairnes,* a well known and accomplish teacher, whose experience and literary attainments are scarc surpassed by any living economist. His object in this volume not so much to give a systematic exposition of general princip or of their relations to practical statesmanship, as to "recast so considerable portion of political economy." Mr. Cairnes t limits himself to a very contracted sphere of discussion, and labors may on that account be more valuable in England, if useful abroad. A large part of his book treats of certain abst doctrines touching the relation of supply and demand, and the c ditions under which normal price is controlled by the equilibr of the market. It has long been the accepted definition of Eng and French economists that "normal price represents the cos production," which cost is analyzed by them into two eleme first, the profits of capital, and secondly, the wages of labor.

With this analysis, as expounded by John Stuart Mill, Cairnes is dissatisfied. It assumes, he says, the wrong standpo and therefore its reasoning is vicious and its conclusion futile. complains that Mr. Mill argues from the capitalist's point of v and attempts by analysis to discover the cost to the capit instead of the true cost of production, which is a very diffe thing. What the true cost of production really is, according Mr. Cairnes, "is the toil and sacrifice of the laborer himself. and remuneration," he says, "are economic antitheses of other. Cost is sacrifice. It is what man pays to nature for industrial rewards." Holding this view, he makes a violent at on Mr. Mill and other economists who profess the old doct that cost "consists of wages and profits; that is to say, of nature yields to man in return for his industrial sacrifice." discussing this question, Mr. Cairnes displays a good dea dialectic subtlety, and offers many suggestive and profo remarks, but he wholly fails to convince the thoughtful re that his quarrel with Mill involves much that is worth figh for.

Mr. Cairnes appears to have two sound principles in view in discussion, though we think he fails to make a sound us them. Of these principles, the first is, that economists are led if they assume that the interests of capitalists are interests of mankind. On the contrary, the latter transcend, claim precedence over the former. His second principle is, in measuring the laborer's share of the fruits of his labor,

* Some Leading Principles of Political Economy newly Expounded by J. E. Cairnes. York, Harper and Brothers, 1874.

important element of the calculation is "the degree of sacrifice exacted of him by his peculiar industry." The reader is tempted to ask Mr. Cairnes what all this has to do with the science of wealth, and whether he is discussing an economic question or a question of general philanthropy. In the latter case, his remarks about sacrifice are very proper. But they are quite irrelevant in an economic discussion, because they are too vague to admit of being reduced to the common factor of wealth.

Mill teaches that production requires two antecedents. First, *capital*, which is a general name, comprising our raw material, and our food, clothing, machinery, and other necessaries. The second antecedent of production is the *labor* which transforms the raw material, consumes the food and clothing, and yields the finished product. This product has to pay both the agencies which have combined in its creation. To the capital it pays a *profit*, and to the labor it pays *wages*. Into these two elements of profit and wages Mill analyzes the cost of production. He says, very truly, that, in an economic point of view, the cost of production must be measured by the capital which has been consumed, and by the labor which has been spent; that is, by the profits of the one, and the wages of the other. Every one can see that if we leave Mill's solid ground of definite values, and soar into the sentimental regions to which Mr. Cairnes invites us,—if we attempt to measure the cost of production by "the physical pain, effort and weariness, by the discontent, reluctance, or depression of spirits" which the laborers may have experienced in their work, we have trespassed upon the boundaries of some other science, and are altogether outside the limits of political economy. For the observation is as old as Socrates, that such sentimental objects as have just been mentioned can claim no place in the science of wealth, inasmuch as wealth consists of property, skill, or rights which can be weighed or measured, hired, sold, or exchanged. Mr. Cairnes would have thrown more light on the questions he has chosen for analysis if he had not missed the path which, in several parts of his book, he approaches, and seems on the point of entering, namely, the path of investigating how far the skill of the mechanic and operative is *capital*, and to what extent strikes among operatives tend to destroy this capital, to prevent its acquisition, or to put the workmen who possess the most of this sensitive form of wealth on a level with their humblest *confrères* who possess the least. It appears to us that Mr. Cairnes' arguments in defense of the workmen's claims, if they are capable of being brought within the precincts of the temple of economic science, must obtain admittance by the path we have suggested.

An important feature of Mr. Cairnes' book is its power of stimulating thought and suggesting inquiry. In a subsequent edition, the defects we have ventured to point out might be corrected with much advantage to the practical utility of the discussions it contains.

THE NEW YORK CLEARING-HOUSE.

Since its organization in 1853, the New York Clearing-Ho has made exchanges between our city banks to the amo of $411,730,484,840.87. The transactions for the year e ing 30th September, 1874, were as follows: Currency exchang $20,850,681,962.82; Currency balances, $971,231,280.73; G exchanges, $2,005,245,673.44; Gold balances, $315,521,895. These transactions have been effected without loss or error. we compare the aggregates of the London Clearing-House si 1868, the earliest report preserved, we find the aggregates the year ending 30th April, 1868, £3,257,411,000; 18 £3,534,039,000; 1870, £3,720,623,300; 1871, £4,018,463,0 1872, £5,359,722,000; 1873, £6,003,335,000; 1874, £5,994,000,0 It thus appears that the amount of business done by the Lon Clearing-House since 1868 amounts to $159,437,970,000, wh the business of our New York Clearing-House amounts $214,956,668,131.

OPERATIONS FOR TWENTY-ONE YEARS—OCT., 1853, TO OCT., 18

Oct. to Oct.	*Currency Exchanges.*	*Cash Balances Paid.*	*Average Daily Exchanges.*	*Ave. D Balan*
1853—1854	$5,750,455,987	$297,411,493	$19,104,504	$988,
1854—1855	5,362,912,098	289,694,137	17,412,052	940,
1855—1856	6,906,213,328	334,714,489	22,278,107	1,079,
1856—1857	8,333,226,718	365,313,901	26,968,371	1,182,
1857—1858	4,756,664,386	314,238,910	15,393,735	1,016,
1858—1859	6,448,005,956	363,984,682	20,867,333	1,177,
1859—1860	7,231,143,056	380,693,438	23,401,757	1,232,
1860—1861	5,915,742,758	353,383,944	19,269,520	1,151,
1861—1862	6,871,443,591	415,530,331	22,237,681	1,344,
1862—1863	14,867,597,848	677,626,482	48,428,657	2,207,
1863—1864	24,097,196,655	885,719,204	77,984,455	2,866,
1864—1865	26,032,384,341	1,035,765,107	84,796,040	3,373,
1865—1866	28,717,146,914	1,066,135,106	93,541,195	3,472,
1866—1867	28,675,159,472	1,144,963,451	93,101,167	3,717,
1867—1868	28,484,288,636	1,125,455,236	92,182,163	3,642,
1868—1869	37,407,028,986	1,120,318,307	121,451,392	3,637,
1869—1870	27,804,539,405	1,036,484,821	90,274,478	3,365,
1870—1871	29,300,986,682	1,209,721,029	95,133,073	3,927,
1871—1872	33,844,369,568	1,428,582,707	105,964,277	3,939,
1872—1873	33,972,773,942	1,152,372,108	111,022,137	3,765,
1873—1874	20,850,681,962	971,231,280	68,139,483	3,173,

The proceedings of the annual meeting, 1st October, 1874, w the names of the officers elected, will be found in the BANKE MAGAZINE for November, page 396. The transactions of the y were reported at $24,142,680,812.38.

The only banks in the city that are not members of the "Cle ing-House Association" are: 1, Eleventh Ward Bank; 2, Bu Head Bank; 3, Fifth National Bank; 4, Sixth National Ba 5, National Currency Bank; 6, The Germania Bank; 7, Ni

Ward Bank; 8, The West Side Bank; 9, New York Gold Exchange Bank; 10, Security Bank; 11, Harlem Bank; 12, Manufacturers and Builders' Bank; 13, Murray Hill Bank; 14, Bank of the Metropolis; 15, The Produce Bank; 16, The Loaners' Bank; 17, German Exchange Bank.

THE REPORTS OF THE TREASURY.

The financial reports are all completed for the last fiscal year; but that of the Secretary of the Treasury will not be published until it is formally presented to Congress. Beyond the facts which we published last month, nothing is known as to the policy which will be recommended by Mr. Bristow. There are several prominent questions on which he may be expected to offer suggestions for a change. One of these is the funding of the public debt. The various questions relating to this important subject are well known to have received Mr. Bristow's special attention, and he has paid several visits to this city, with a view to pursue his investigations with more advantage. Several conflicting rumors are current. One class of persons, claiming trustworthy information, say that nothing new will be proposed by the Secretary, while others predict that some radical improvements are contemplated, which will, in a short time, if not immediately, be laid before Congress, with every prospect of successful adoption. As little is positively known of the actual contents of the Secretary's Report, the more attention is directed to that of Mr. Spinner, of which the greater part has been published. This document extends over the whole period during which the Government revenues were impaired by the panic. It gives a full analysis of the fiscal operations of the year ending 30th June, 1874. Elaborate tabular statistics are given in the appendix. The report itself is unusually interesting, and discusses a multitude of practical details to which public attention has of late been earnestly directed. As to the revenue, Mr. Spinner shows that the customs have fallen off $ 24,985,689, and the internal revenue $ 11,315,529. He explains that the most, if not the whole, of the decrease of receipts from the latter source is due to recent changes in the law, while the falling off in the customs duties seems to have been caused solely by the panic that occurred early in the fiscal year, and made itself felt to the end. The people, in consequence of the stringency in the money market, became more economical in their expenditures for foreign goods. The Government disbursements, exclusive of those on account of the public debt, have decreased $ 1,869,652, as compared with the year before. Considerable as this retrenchment is in the Treasury, it is believed that it will be still greater at the end of the current year.

The receipts for the year from all sources are reported at 7 millions and the disbursements 742 millions, so that there has be a surplus of nearly 20 millions added to the cash balance, whi has risen from $131,178,137 on 30th June, 1873, to $150,731,5 on 30th June, 1874. This will be illustrated by the followi table:

Receipts of the Fiscal Year.

Received from	*Net receipts.*	*Repayments.*	*Counter warrants.*	*Total receipt*
Loans	$439,272,535 46	—	—	$439,272,535
Customs	163,103,833 69	—	—	163,103,833
Internal revenue	102,409,784 90	—	—	102,409,784
Lands	1,852,428 93	—	—	1,852,428
Miscellaneous	37,612,707 95	$2,134,199 12	$1,195,501 77	40,942,408
War	—	3,298,300 15	1,412,505 22	4,710,805
Navy	—	1,955,966 31	5,388,792 33	7,344,758
Interior	—	1,626,587 77	539,387 28	2,162,975
	$744,251,290 93	$9,012,053 35	$8,536,186 60	$761,799,53

Late United States Depository, Cincinnati, Ohio, formerly credited as unavailable	$1,03
Balance from June 30, 1873	131,178,137
Total	$892,978,70

Expenditures of the Fiscal Year.

Paid on account of	*Net expenditures.*	*Repayments.*	*Counter warrants.*	*Total expenditure*
Customs	$22,365,278 52	$626,700 19	$69,826 22	$23,061,804
Internal revenue	5,722,164 35	66,207 65	11,582 14	5,799,954
Interior	35,730,876 75	1,623,587 77	539,387 28	37,893,851
" Civil	4,804,576 56	70,031 98	1,467 92	4,876,076
War	42,313,927 22	3,298,300 15	1,412,505 22	47,024,732
Navy	36,932,587 42	1,955,966 31	5,388,792 33	38,277,346
Treasury	47,006,277 04	404,194 17	1,055,481 80	48,465,953
Diplomatic	1,325,327 00	133,269 69	12,819 28	1,471,415
Q. Sal's	606,961 20	140 78	—	607,102
Judiciary	3,311,008 94	149,294 14	—	3,460,303
Public debt	530,579,948 99	684,359 73	44,324 41	531,308,633
	$724,698,933 40	$9,012,053 35	$8,536,186 60	$742,247,173
Balance, June 30, 1874				150,731,533
				$892,978,706

On comparing the annual expenses of the internal revenue a the customs duties, it will be observed that the repeal of taxati has not been followed by a corresponding diminution in the c of collecting the revenue. Mr. Spinner explains this circumstan and says it is a mistake to suppose that the repeal of taxes h been so adjusted as that "the decrease in the receipts and e penditures ought of necessity to have reduced the amount of lab required to be done for the transaction of the public busine But such is far from being the case, and, on the contrary, it h been largely increased. All the machinery for the collection a disbursement of the public revenue remains." This explanati

will surprise many persons, inasmuch as the anticipation of a reduction in the cost of collection was freely expressed in Congress when several of the fiscal changes were under discussion, and this was one of the reasons advanced in their favor.

Passing to the Post-Office Department, we find that the net receipts for the year were $11,990,816.38, and the total warrants drawn on account of expenditures, $11,560,216, including $500,000 for mail steamship service between San Francisco, Japan, and China; $75,000 for mail steamship service between San Francisco and the Sandwich Islands; $150,000 for mail steamship service between the United States and Brazil.

As to the Conscience Fund, the amount received and credited to the Conscience Fund, from December 1, 1863, to June 30, 1873, was $154,695.98; from July 1, 1873, to June 30, 1874, *$8,218.76*; total, $162,914.74.

A considerable part of the report is taken up with the National Banks, the number of which, a year ago, was 2,115. The new banks, organized during the fiscal year, were 40, making the total number of banks, to 30th June, 1874, 2,155. Of this aggregate, 119 banks have been closed by voluntary liquidation, or by merging into other banks. Of the notes of the broken banks, the amount redeemed during the fiscal year was $1,374,500, and the aggregate of previous years was $9,277,435. Hence, the total amount of notes of failed banks, which have been redeemed by the Treasury since the establishment of the National system, is $10,651,935. As to the securities held in trust for circulation, the amount is $391,171,200. The bonds held as security for public deposits, amount to $16,635,200.

An extended discussion is given to the new arrangements for the redemption of National bank-notes. The Treasurer points out several circumstances, which interfered with the earlier success of the Redemption Bureau. First, he says, there should have been a proper delay for preliminary preparation, which, in all such cases, is indispensable to the smooth operation of new machinery like that of the Redemption Bureau. But no such preparatory delay was provided for. "The act of June, 1870," says Mr. Spinner, "went into effect immediately on its passage, and individual companies and even National banks took instant advantage of that fact. National bank-notes, in all kinds of condition, from all parts of the United States, at once began to pour into the Treasury by millions. There was no time whatever given to make preparation to carry the provisions of the law into effect. In a very short time, more than $20,000,000 of the notes of National banks that had been redeemed and that could not be disposed of, lumbered the vaults of the Treasury, when they were needed for its own use."

Our readers will remember that we favored the demand which the Treasury made on the banks for a voluntary deposit of a second five per cent., in addition to that required by law.

This demand, though it was supported by the force of pul opinion, was not generally complied with as promptly as emergency required. Hence arose the necessity, which sho have been foreseen, for stopping the redemption machinery fo brief season until it could be efficiently organized In ot words, the preparatory delay, which should have been provi for in the law, was enforced by necessity. This point and sc others are explained in the report before us, as follows:

"As a general rule, the banks behaved well, and did all their power to facilitate redemption. Quite a number, mostly the principal cities, deposited a second five per centum before a of their notes had been assorted; but other banks sent notes h for redemption before they had even made their own depo wherewith to make redemptions. Not having any of the ap ances necessary to assort these notes, so that calls could be m of the banks to make good their redemption fund, it was fo that while the agency held National bank-notes, answering as curity for United States notes remitted for their redemption, Treasury had been drawn upon for more than five per cent deposit. Under these circumstances, the receipt of National ba notes was discontinued until the fund could be sufficiently repl ished to again go on with redemptions. That time has now rived, and although the agency is still without sufficient h room, or furniture, yet it is confidently believed, if the banks spond promptly when calls are made upon them in the future make good their redemption fund, in accordance with the l no further delay will occur, and that all remittances herea made of National bank-notes for redemption will be promptly mitted for the sender in lawful money. Notices will soon be s to the National Banks, advising them of the amounts charged their redemption fund to reimburse the Treasury for the char for transportation and the cost of assorting their notes that h been redeemed in compliance with the law, which provides t these charges and costs shall be in proportion to the circulat redeemed. As the law does not state whether these charges a costs shall be in proportion to the amount in dollars of the nu ber of notes redeemed, it has been decided, after consultation w the Secretary of the Treasury and others learned in the law, th inasmuch as the charges for transportation are paid on the amo of money transported, and that it costs as much to assort o dollar-notes as it does notes of a thousand dollars, therefore proportion for transportation will be adjusted with reference to amount, and for other expenditures in proportion to the num of the notes redeemed."

Mr. Spinner does not give as full details as might be wished the precise amounts of currency sent in for redemption, or of periodical fluctuations in the state of the redemption fund. Wh the organization is more complete he will, it is hoped, be able give a weekly statement as to the amount of bank-notes receiv

showing what portion of the aggregate comes from the National Banks direct and what portion from other sources. Some of the banks have complained of the delay in getting their notes redeemed. But this ground of complaint is, we suppose, in a fair way for being finally removed.

Another important point is the delay of the banks in paying their duties to the Treasury. The delinquencies seem to be increasing. It is stated by the report that "while there is a penalty of $200 for any default in making proper returns within ten days after each first day of January and July, there is no penalty whatever for making default in payment of the duty to the Treasury within the months named, as it is made the duty by law for each bank to do. Quite a number of the banks take advantage of this defect in the law. They make their returns regularly within the ten days prescribed by law, and thus avoid the penalty of $200. Having thus complied with the comparatively immaterial part of the law, for the non-compliance with which there is a penalty attached, they then entirely neglect the material part, by refusing to pay the duty within the month, and for which neglect there is no penalty. As most of the interest of the stocks held by the Treasurer in trust for National Banks is payable semi-annually in January and July, there is no way provided by which the duty in such cases can be collected compulsorily within five months, when the next interest on their stocks is payable. The use of large sums of money for a long time due to the United States is lost to the Treasury. In cases of single banks the loss in interest for a single term of six months amounts to hundreds of dollars. The aggregate amount thus lost to the people is very large. This not only works a great injury to the public revenue, but does injustice to the majority of the National Banks, that pay this duty regularly with commendable promptitude. To obviate this evil, and to force a ready compliance with the terms of the law, the act should be so amended as to attach a penalty for the non-payment, within the time prescribed by the law, of the duty due from any National Bank, of an additional penal sum at the rate of one per cent. per month upon the amount of the unpaid tax, due from and by such defaulting bank, until the whole amount of such duty with the accrued penalty shall have been paid by such defaulting bank; and if not paid before, the whole amount, including the penalty, should be retained from the next interest due on its stock, held for it in trust for the redemption of its circulating notes by the Treasurer of the United States:"

Passing to another subject, that of thefts of unsigned notes, Mr. Spinner argues, that "no good reason can be urged why the banks themselves should not be held equally responsible when, through their own fault, their unsigned notes get into circulation. That they eventually cannot avoid this responsibility is evidenced by the fact that the Government holds the bank's receipt for the notes, and the United States bonds pledged for their redemption

in the custody of the Treasurer can never be surrendered u the banks shall return the notes for the redemption of which t are held, or by the deposit of an equal amount of United Sta notes. It is only a question whether the liability on the part the bank to redeem these notes shall attach at once, or at so future time. Under these circumstances it is believed that pu policy, justice to the holders of these notes, and the true inte of the banks themselves require the passage of a law authoriz the Treasurer to redeem the unsigned notes that have been, that may hereafter be delivered to, and receipted for by a ba in the same manner and under the same rules and regulations other National bank-notes are now by law redeemed."

The receipts of national bank-notes for redemption in Nov ber were $3,414,350. Those for the month of July v $10,359,000; for August, $9,975,000; for September, $7,822,c for October, $5,618,000—being an aggregate to November 1 $33,954,000. The number of the notes redeemed is 4,789, and their aggregate value $30,508,000. The average value of redeemed notes is $6.37, and the amount of canceled notes d ered to the Comptroller of Currency for destruction, $19,773,

Among the minor topics, the Treasurer refers to the great inc in the kinds of paper money, which have been multiplied of late y He says: "The kinds of paper money issued by the United St including fractional currency, have been largely increased and tinue to be increased as dangerous counterfeits are discov As all the various kinds must be assorted by series, as well a denominations, the work of redemption and destruction is nec rily increased to just the extent that the kinds are increa For years there were but 16 kinds; the number has increa until now there are 46 different kinds that require to be ass and separated, thus increasing this kind of work nearly three Without any change of opinion, as expressed in reports of fo years, in regard to the inadequacy of the salaries now pai departmental employés of the Government, I have, after m thought and reflection, and from some little experience in National Bank-Note Redemption Agency, come to the concl that if Congress would appropriate to each Department an Bureaus a round sum, not exceeding that now appropriated, t expended in discretion and under the direction of the head the several Departments in payment of clerks and other empl of the Departments and the Bureaus thereof, in sums of amount—say, for clerks, from $1,000 to $2,000, and for g higher or lower than clerks, in proportion, with the right to just the payments from time to time, according to the work formed by each—very much more and a great deal better se would be had by the Government than under the present sys with the grade, classification, and rate of compensation fixe the iron rule of compulsory law. The reduction made by the of Congress at its last session, of the number of females actin

sweepers and dusters, from 13 to 7 in number, and the decrease of the pay of the remaining ones from $36 to $20 per month, greatly inconvenienced the office, brought great distress upon the poor widows, who were either deprived of their places, or compelled to work for pay inadequate to their services, and for their and their families' support. When it is recollected that these persons are mostly widows with families of helpless children, who have the alternative often offered, between seeing the suffering of their children for want of bread, and taking the money that is exposed, to avert it, the impolicy, if not the wickedness, of placing such a temptation in their way will be realized and corrected."

A subject of more local interest is the circulation of unauthorized notes, which has long been complained of in one or two of the Southern States. "Constant complaints," he says, "have been made that the laws made to restrain the issuing and circulation of notes other than those authorized by acts of the United States Congress, are evaded in large sections of the country, and in many localities they are utterly disregarded. The latter is particularly true as of the South, and especially so in the States of Georgia and Alabama. Most of these violations of law are by municipalities and by manufacturing companies. I can speak of this evil from personal experience and observation. In localities at the South almost the entire circulation consists of such local issues that are put upon everybody in change, and, unless used in the place of issue, are worthless to the holder. This is particularly true of the fractional currency. For this there has never been the poor excuse that there was not currency enough, as the amount authorized by law has never been issued by the Treasury, being restricted and reduced by the issue and circulation, in violation of law, of this illegitimate and almost worthless currency. Now that banking under the National system is measurably free, that excuse will not hold as to the issue of notes of one dollar and upward. By the act of March 26, 1867, it is enacted 'that every National banking association, State bank, or banker, or association, shall pay a tax of 10 per centum on the amount of notes of any town, city, or municipal corporation paid out by them.' This enactment does not reach the root of the evil. The law should be so amended and changed as to compel the payment of the tax by the municipalities, companies or individuals who make the original issue of such unauthorized circulating notes. Bankers and business men at the South assured me that even such a tax would not prevent the issue of this kind of currency, and that the only effectual way to abolish the nuisance would be to declare the issuing of any kind of obligations, with a view to its circulation as money, a misdemeanor, punishable by fine or imprisonment, or both, by any court having cognizance thereof."

The figures given in Mr. Spinner's report of the receipts and disbursements differ somewhat from those of the Register of the Treasury, in consequence of certain differences in the methods of

book-keeping in the various Bureaus, which have been often explained. This circumstance will account for the variation in the foregoing reports from the official figures that we have recently published. The subjoined table gives a comparative view of the sources of internal revenue, with the relative productiveness of the various taxes:

SOURCES OF INTERNAL REVENUE FISCAL YEARS 1870 TO 1874.

SPIRITS.	1870.	1871.	1872.	1873.	1874.
Brandy distilled from apples, grapes, and peaches	$39,245,133	$1,236,006	$544,849	$2,014,646	$539,859
Spirits distilled from other materials than apples, grapes, and peaches		29,921,308	32,572,940	41,116,419	43,267,234
Wine made in imitation of champagne, &c	279	—	20	3,532	151
Distilleries per diem, tax on	2,127,488	1,901,603	2,010,986	—	—
Distillers' special tax	6,481,300	5,683,077	6,489,786	—	—
Rectifiers	1,063,698	959,800	955,704	371,457	287,826
Dealers, retail liquor	3,538,979	3,651,485	4,028,605	5,016,904	4,321,605
Dealers, wholesale liquor	2,251,022	2,151,281	2,065,564	781,664	596,455
Manufacturers of stills and stills and worms manufactured	7,691	5,167	5,652	4,673	3,445
Stamps, distillery warehouse, for rectified spirits, &c	821,761	758,427	797,291	415,368	347,763
Excess of gaugers' fees, &c	—	13,693	4,119	2,374,709	79,750
Total from spirits	$55 537,351	$46,281,848	$49,475,516	$52,099,372	$49,444,090
TOBACCO.					
Cigars, sheroots and cigarettes	$5,710,097	$6,598,173	$7,566,157	$8,940,391	$9,333,592
Manufacturers of cigars	123,101	142,192	161,767	153,223	149,037
Tobacco, chewing, &c., and snuff.	19,705,223	20,677,718	18,674,569	1,082,049	1,038,446
Tobacco, smoking, all stems, &c., fine-cut shorts, &c	4,579,242	4,882,822	5,896,206	22,315,810	20,900,510
Stamps for tobacco or snuff intended for export	47,998	66,147	53,576	5,595	6,735
Other sources now exempt	—	—	—	44,603	376
Dealers in leaf tobacco	199,969	221,662	260,488	118,518	115,992
Dealers in manufactured tobacco.	924,312	970,018	1,102,358	1,714,247	1,686,609
Manufacturers of tobacco	28,592	20,174	21,050	11,868	11,578
Total from tobacco	$31,318,536	$33,578,907	$33,736,170	$34,386,303	$33,242,876
FERMENTED LIQUORS.					
Fermented liquors, $1 per bbl. on	$6,026,972	$7,159,740	$8,009,970	$8,910,824	$8,880,677
Brewers' special tax	233,756	229,762	248,529	304,650	245,366
Dealers in malt liquors	—	—	—	109,464	178,638
Total from liquors	$6,260,728	$7,389,502	$8,258,498	$9,324,938	$9,304,68
BANKS AND BANKERS.					
Deposits, capital and circulation.	$4,409,035	$3,644,242	$4,628,229	$3,771,031	$3,387,161
INCOME.					
From individuals	$26,696,132	$15,222,212	$8,711,251	—	—
Other collections from income	9,547,214	3,940,439	5,725,611	—	—
Total from income	$36,243,346	$19,162,651	$14,436,862	—	—
Stamps	$15,611,003	$14,529,885	$15,296,470	$7,702,377	$6,143,758
Miscellaneous	18,535,579	18,611,297	5,068,350	6,791,435	1,029,096
Grand total for the year	$183,634,833	$143,198,322	$130,890,097	$114,075,456	$102,651,660

MERCANTILE FAILURES AND INDUSTRIAL PROGRESS.

The statement has been made that the failures brought on by the panic of 1872 have been greater in amount than those which followed the panics of 1857 and 1861. This statement is certainly exaggerated. To throw more light upon it, we have compiled some statistical tables, which will be found at the close of this article. The figures have been taken from the reports of Messrs. Dun, Barlow & Co., and are very full and complete, for the years 1857 and 1861. We trust that this enterprising firm will, in their forthcoming report of the failures for the year 1874, give to the public statistics equally full and complete, so that the comparison we have begun may be extended to include the other chief cities as well as New York.

It has often been observed that failures in this country are much more numerous than in England, and that in England they are more numerous than on the continent of Europe. Many causes have been assigned for this disparity. In the United States there is a restlessness and a spirit of enterprise that prompt men incessantly to take risks, which, in older countries, men are afraid to venture. Another reason why failures are more numerous here, is the insufficiency of capital. Men often begin business in our larger cities on a capital which in Europe would be regarded as ridiculously small and inadequate. Bankers and merchants have built up a lucrative business, and have risen to wealth and distinction, who, a dozen years ago, were mere clerks, and started for themselves with little or no means, except that best of all capital—integrity, energy, and thorough knowledge of their business. That such men, working with meager capital, should, even in quiet times, meet with reverses, is but natural; and such mishaps constitute a large proportion of the annual failures in which the commercial history of this country has always been too fertile.

Thirdly, there is another cause for the increase of mercantile failures, that have been reported since the war. We refer to the risks which have been added to the ordinary perils of trade by the disorders of our currency, by the heavy taxes which have been laid on industry, and by the other burdens of our defective financial system. The pressure of these forces must have been severely fatal among the weaker members of our industrial community, and multitudes of small capitalists must have been reduced to the condition of employés. Still, in the youthful organism of American industry, these rapid processes of disintegration and decay are more than compensated by the swifter processes of repair. As, in these amazing activities of material growth, there is no nation in modern times that can compare with the United States, it is not surprising that there should be some corresponding energy in those destructive forces which cause individual fail-

ures. Among the incidental results of this law, we find that the disadvantages of small capital are augmenting.

Formerly, it was a common boast that a mechanic or a small tradesman, who was weak in capital but strong in the American qualities of ingenuity, energy, and pliant skill, had much less to fear from his wealthier rivals, than in other countries. Hence the door was always open, to receive the best skill of the body of journeymen into the superior order of employers of labor. The steady apprentice had before him the certainty, that if he were industrious and skillful, sober and trustworthy, the path would soon open which would lead him to competence and to honor, as an organizer of other men's labor. Since the war, and the paper-money troubles which the war brought upon us, two notable changes have been set in motion, which deserve more attention than they have heretofore received, from economic writers. First of all, gigantic wealth has been concentrated in few hands. Our National proclivity, to organize, has made a revolution in almost all departments of industrial production and commercial enterprise.

The few who are strong in capital have thus a powerful engine in their hands. They are easily induced to confederate, to form cliques, and to carry out plans for crushing weaker competitors, who are less able to withstand monetary spasms or commercial disasters, and, therefore, are easily absorbed into the firms and corporations, whose rivalry has tended to precipitate these ruinous changes. In the next place, the smaller capitalists, all over the country, have suffered much more than their opulent competitors, from the strikes of workmen.

One of the evils of strikes is that they first attack and bring down those masters who are the weakest and the least removed from the position of journeymen. Strikes thus prevent journeymen from rising to be masters. They help to break up the industrial community into an inordinate multitude of wages-earning employés, instead of giving free play to the wholesome forces which, formerly, enabled a mechanic, through successive steps, to rise into a wages-paying employer. If our mechanics were wise, they would see that the adventurers, who, in the guise of friends, counsel strikes, and foster foolish resistance to natural laws, are enticing them away from their true interests. In this country, the strikes of workmen would have been less frequent, if our mechanics had only looked at facts with their own eyes, instead of viewing them through the jaundiced imagination of idle, designing, and often vicious demagogues. It is the birthright of American mechanics, that they should have a free course for their skill, and a fair prospect for their success, as small capitalists. This is better for them than to combine in unions, which help to crush small establishments, and cause them to be swallowed up in the larger ones. The tables of failures to which we referred at the beginning of this article, will be found below. They offer a suggestive commentary on the principles we have been expounding.

FAILURES AFTER THE PANICS OF 1857, 1861 AND 1872.

NEW YORK:	1857. No.	1857. Amount.	1861. No.	1861. Amount.	1873. No.	1873. Amount.
N. Y. City & Bk'lyn	915	$135,129,000	980	$69,067,114	644	$92,635,000
Albany	35	838,000	47	2,348,500	..	....
Buffalo	72	4,224,000	26	300,000	..	....
Oswego	13	161,000	13	130,000	..	....
Rochester	31	850,000	37	319,000	..	....
Syracuse	29	436,000	36	549,000	..	....
Troy	24	1,607,000	33	380,000	..	....
Utica	20	585,000	35	359,000	..	....
Remainder of State	447	6,789,000	660	7,700,100	544	*13,721,000
MASS., Boston	253	41,010,000	480	18,317,161	..	....
Remainder of State	230	2,611,000	363	6,796,000	309	†11,224,000
PENN., Philadelphia	280	32,954,000	389	21,294,363	..	....
Pittsburgh	28	1,183,000	49	747,397	..	....
Remainder of State	226	2,283,000	327	2,948,500	576	†31,445,000
ILLINOIS, Chicago	117	6,572,000	91	5,117,170	..	....
Remainder of State	199	2,766,000	350	4,911,300	329	†7,109,000
OHIO, Cincinnati	96	3,898,000	163	6,982,071	..	....
Cleveland	30	1,613,000	22	604,000	..	....
Remainder of State	220	2,357,000	397	5,879,500	321	†11,220,000
RHODE ISLAND, Prov	35	4,564,000	54	1,093,000	..	....
Remainder of State	4	105,000	14	168,000	58	†15,259,000
MICHIGAN, Detroit	34	514,000	50	1,119,200	..	....
Remainder of State	98	1,004,000	169	1,820,200	248	†3,917,000
IOWA, Dubuque	36	735,000	10	370,000	..	....
Remainder of State	108	1,333,000	93	1,295,000	141	†1,917,000
INDIANA	139	1,636,000	253	2,562,000	134	2,260,000
WIS., Milwaukee	19	380,000	17	537,200	..	....
Remainder of State	101	1,244,000	113	2,137,500	81	†1,574,000
New Jersey	86	1,142,000	146	2,234,300	119	2,482,000
Connecticut	61	1,129,000	181	2,594,000	104	1,452,000
Maine	81	1,060,000	76	710,000	80	752,000
New Hampshire	70	928,000	90	840,090	27	513,000
Vermont	57	473,000	116	1,488,000	21	350,000
Minn., Kan. & Terr's.	63	1,705,000	55	4,913,500	199	2,633,000
Total Northern States	4,257	$265,818,000	5,935	$178,632,170	4,084	$200,617,000
" Southern States	675	25,932,000	1,058	8,577,830	1,099	27,882,000
" in all the States	4,932	$291,750,000	6,993	$207,210,000	5,183	$228,499,000

* These figures include the whole State except N. Y. City. † These figures are for the whole State.

FAILURES IN THE CHIEF CITIES, 1857 TO 1873.

	New York. No.	New York. Amount.	Boston. No.	Boston. Amount.	Philadelphia. No.	Philadelphia. Amount.	United States No.	United States Amount.
1857	915	$135,129,000	253	$41,010,000	280	$32,954,000	4,932	$291,750,000
1858	406	17,773,462	123	4,178,925	109	10,002,385	4,225	95,749,000
1859	299	13,218,000	123	4,759,000	105	2,589,000	3,913	64,394,000
1860	428	22,127,297	172	4,956,760	144	6,107,936	3,676	79,807,000
1861	980	69,067,114	480	18,317,161	389	21,294,363	6,993	207,210,000
1862	162	7,491,000	120	2,013,000	60	1,310,000	1,652	23,049,300
1863	34	1,670,000	50	1,096,100	14	401,500	485	6,864,700
1868	417	31,654,000	—	——	—	——	2,608	63,774,000
1869	418	21,370,000	—	——	—	——	2,799	75,054,000
1870	430	20,573,000	—	——	—	——	3,551	88,242,000
1871	324	20,740,000	—	——	—	——	2,915	85,252,000
1872	385	20,684,000	—	——	—	——	4,069	121,056,000
1873	644	92,635,000	—	——	—	——	5,183	228,499,000

NOTES ON ECONOMIC FALLACIES AND THEIR AUTHORS.

THE ASSIGNATS.

After Law's Mississippi scheme, the next great financial bubble of France was the issue of assignats, the history of which offers many incidents, of which the counterparts were reproduced in the war finance of this country three-quarters of a century later. A few years before 1789, the specie currency in France had been estimated at 2,200 millions of livres, or about 88 millions sterling. The revolutionary government possessed great wealth in confiscated property, but wanted money. To supply this want, and to create a market for the landed property, which had been confiscated to a prodigious amount, the government issued notes in the following form:

"National property assignat of 100 francs."

These notes were a legal tender, and, in that respect, resembled every other paper currency having a forced circulation; but they differed therefrom in not professing to represent or to be redeemable in any specified thing. The words "National property," signified that their value might be obtained by purchasing with them the confiscated property at the auctions of such property, which were constantly occurring. But there was no reason why that value should have been called 100 francs. It depended upon the quantity of the property so purchasable, and upon the proportion which this property bore to the nominal value and aggregate number of assignats put in circulation.

The assignats were first issued in May, 1790, when their amount was fixed by law at 400 million francs, or 80 millions of dollars. In September, 1790, 1,200 million francs had been issued; in 1793, 3,626 millions; in 1794, 8,817 millions and a-half; in 1795, 19,699 millions and a-half; and on the 7th of September, 1796, the issue had amounted to 45,579 millions, or about $9,115,800,000. We showed last month what followed the issue, by John Law, of paper of the nominal value of 2,200 millions of livres, and we can conceive the consequences of issuing 45,000 millions. The value of assignats fell from day to day. The prices of commodities rose in proportion, not merely to the existing depreciation, but to the well-founded apprehension of a still further depreciation. When the supply of a durable commodity is suddenly increased, the value falls, but not necessarily in proportion to the additional supply. Unless the causes of the additional supply are ascertained to be permanent, most of the dealers prefer holding their existing stock. For the hope that the market may alter prompts them to sell their property at a certain loss. But when a commodity is perishable, no risk can be so complete, nor

any loss so certain, as the risk and the loss of holding the perishable article. It is well known that, in certain states of the market, a small increase of supply may create so violent a competition among the sellers, as to reduce the price to nothing. Thus, in Paris, Berlin or London, the fish-market has sometimes been oversupplied, and the glut, for a short time, has been such as to reduce the sellers to give away a portion of their stock, or even to pay people to remove it from their stalls. Assignats were a most perishable commodity. Everybody taxed his ingenuity to find employment for a currency of which the value evaporated from hour to hour. It was passed on as it was received, as if it burned the hands of every one who touched it. Those who had never engaged in business became speculators. Others purchased estates, built houses, or bought pictures or furniture. What was yesterday an extravagance, became a bargain to-day. No one scrupled any expense, even for mere transitory pleasure, if it afforded a means of investing or spending, or in any way getting rid of what he possessed in assignats. Those who depended on fixed money payments, were reduced to beggary, and beggary, at periods of general distress, is starvation. Every morning there were found in the waters, and on the shores of the Seine, the bodies of wretches, who had preferred death by suicide to death by hunger. The state of the laboring class was scarcely more tolerable.

The sovereign people felt and acted with the folly and violence of a despot. The depreciation of the assignâts was attributed to the conspiracies of the aristocrats, and to the intrigues of Mr. Pitt. The rise of prices was explained by the favorite theory of monopoly, and it was thought that all this could be remedied by terror, by substituting fine, imprisonment, confiscation, and death, for the ordinary motives to commercial transactions.

"If provisions and commodities are wanting," said the *Procureur-Général*, Chaunette, "on whom will the people, the legislator-people, lay the blame? On the authorities? No. On the convention? No. It shall lie on the merchants and the dealers." Rousseau was the spokesman of the mass of the people, and he well said, "When the mass of the people have nothing else to eat, they must feed on the rich." To prevent the constantly increasing difference between the value of paper and metallic money, the purchasing assignats with money at less than their nominal value, or the sale of money for more than its nominal value in assignats, or the making any difference in price, according as that price was to be paid in money, or in assignâts, was made a crime, punishable by six years' imprisonment in irons. To prevent the hoarding of the precious metals, all concealed gold and silver, in whatever form, became forfeited, half to the State, and the other half to the informer. These measures had the success that might have been expected. The law against taking assignats at less than par was passed in April, 1793. In the fol-

lowing June, 100 francs in silver were worth 300 in paper. In August, they were worth 600. The failure of the law seems to have been attributed to its mildness. The punishment was raised to twenty years' imprisonment in irons; and, in 1796, an assignat of 100 francs, professing to be worth twenty dollars, was currently exchanged for 5 sous 6 deniers, or rather less than six cents in our money. These efforts to prevent the depreciation of assignats in money, were accompanied by efforts as violent, as senseless, and still more mischievous, to prevent their depreciation in commodities.

The first of these attempts was the celebrated maximum. By that law, which was passed in May, 1793, when the issue of assignats was not one-tenth of the amount to which it afterwards rose, wheat was directed to be sold exclusively in open market, at a price to be fixed by each commune; or, as we should say, by the town council, according to the average price of the four months of January, February, March and April, preceding the enactment.

As that price was even then grossly inadequate, and became more so every day, the markets were, of course, unsupplied. This was attributed to what the French call *accaparement*, a word equivalent to the old English common law crime of "engrossing." The decree which made *accaparement* a crime, defined an *accapareur* to be "one who withdraws from circulation commodities of the first necessity, and does not publicly sell them," and it defined commodities of the first necessity to be, bread, wine, butchers' meat, corn, flour, leguminous vegetables, fruit, charcoal, wood, butter, tallow, hemp, flax, salt, leather, liquors, salted provisions, cloth, wool, and all clothing, except silk. Every dealer was bound to make periodical declarations of his stock, which the commune were to verify by search; and each commune was to appoint persons who were to fix such prices to each article as would leave a moderate profit to the dealer, but not exceed the means of the people. "If, however," added the decree, "the cost of production be such as to leave no profit to the dealer, the commodity must still be sold at such a price as the purchaser can afford. And any violation of the decree, any refusal to sell, any concealment of stock, or even the being accessory to any such violation, was punished by death. Of course, the majority of the shops were shut, and in those which continued open, only the worst articles were exposed to public sale, and all that was tolerable was reserved to be sold in secret bargains, to those who still retained the means, and were willing to incur the risk of becoming purchasers, at the metallic value. The convention appear to have thought that the inefficiency of the law arose from the maximum having been imposed on the finished commodities in the dealers' hands, leaving the charges of production and transport unregulated. Commissioners were directed to be appointed in every commune, to state the prime cost of all the enumerated commodi-

ties at the place of production, according to the prices of 1790, that is, according to metallic prices, which were not one-tenth of those which existed at the time of the decree. To this, one-third was to be added (that is not one-thirtieth part of what ought to have been added), to compensate for the subsequent rise. A sum was then to be fixed for the expense of carriage to the market; five per cent. on these sums was to be added for the profit of the wholesale merchant, and ten per cent. for that of the retailers; and the aggregate of these sums was to be the price of the commodity.

To diminish, in some measure, the competition of purchasers, the consumer was forbidden to purchase from any one but the wholesale dealer; even the quantity which each might purchase was defined. The grocer was forbidden to take more than twenty-five pounds of sugar at once from the sugar merchant, and the seller of lemonade more than ten; and the authorities gave to each intending purchaser a certificate, specifying the amount that he might purchase.

As the French subsisted chiefly on bread, the bakers' shops were the principal subjects of legislation. They were not to be entered without a certificate, which, at the same time, was a test of the good political principles of the bearer, and specified the quantity that he might purchase. A long rope was extended from the counter into the street, which the file of candidates for purchase were to lay hold of, in order to insure their entering the shop in fair succession. But it was found that persons spent whole nights in the street, in vain attempts to make their entrance. Sometimes, the rope was cut through wantonness or malice, and the feeble were suffocated or trampled to death in the consequent struggles. The disorder became more frightful when, as a remedy, it was decreed that the last comers should be served first. To prevent the closing of the stores, every person who, having been a year in trade, discontinued or diminished his business, was declared a suspected person, and this, when suspicion was imprisonment, and imprisonment the guillotine.

At length, even the revolutionary government felt the impossibility of using fear instead of hope, as the motive of production and exchange. The assignats having sunk below one three-hundredth part of their nominal value, were called in, the Government offering to take them at one per cent., in payment of a forced loan, which, in violation of all resemblance to honesty, was imposed in money, and to give mandâts, a new species of paper money, in exchange for them, at the rate of three per cent.

The ultimate result was, that of the whole sum of 45,579 million francs which were issued, no more than 12,744 million francs were, in some way or other, discharged; the remaining 32,835 million francs, having a nominal value of about $6,565,000,000, nearly three times the amount of our national debt, remained waste paper in the holders' hands. The mandats

were for a nominal value of 2,400 million francs, or about $480,000,000. These mandats were instruments of credit, which directed the proper officers of the Government to put the bearers into possession, without auction, of a definite portion of the confiscated estates. Such, however, were the comparative values in money of the property and the mandâts, that they came out at a discount, and gradually sunk to less than one-seventieth of their nominal value. They were issued on the 9th of June, 1796, and were extinguished partly in the purchase of confiscated property, and partly in payment of taxes, before the end of the following September.

We need not dwell longer upon the details of this celebrated experiment of Government paper money which was attempted by revolutionary France at the close of the eighteenth century. We have followed, with some needful modification, the sketch given of it by Mr. Nassau W. M. Senior in his lectures on political economy. The narrative teaches several lessons which are well worthy to be remembered by us just now. First, it shows that paper money cannot be made current by the fiat of the Government without the assent of the masses of the people, to keep it moving in the channels of trade. When the assignâts were first emitted in 1790, they were gladly received in payment at par with coin, because coin was scarce and the want of circulating medium was severely felt. From this eagerness to accept the assignats rather than from any specific act of the Government, declaring them a legal tender, their power as money was chiefly derived. This is evident from the fact that the severest declarations on the part of the Government were unable to keep the notes at par beyond the moment when the public confidence in them began to fail. Secondly, we should be wholly mistaken if, from the fact just noted, we were to infer that the Government gave no support whatever to the value of the assignats. On the contrary, there is no doubt that the final disaster would have occurred years before it was reached, if the Government had not sustained, by violent efforts, the sinking credit of their notes. Thirdly, it has been declared, with much reason, that the assignats might have been kept at par for a considerable period, although they were an irredeemable currency, if they had been issued more slowly, and if their amount had been limited so as only just to fill up the place of the coin which was disappearing from the channels of the circulation. The recent experience of the Bank of France, and that of the Bank of England in 1797, are appealed to in confirmation of this opinion.

THE SPECIE RESERVE OF THE BANK OF FRANCE.

Extract from M. Wolowski's Official Report to the National Assembly.

In France the stock of precious metals is rapidly being reconstituted. Already it has risen almost to the level at which it stood before the war. The indemnity has been paid by funds derived partly from the excess of French exports of merchandise over the imports, partly by funds derived from the sale of foreign securities previously held in France, and partly by the absorption of French *rentes* by foreign capitalists.

The import movement of coin during the last few years gives ample proof that the indemnity has been liquidated in the method suggested. We also find evidence pointing in the same direction in the report furnished by the Bank of England. The Bank held in December, 1871, an aggregate of French coin amounting to £722,895; it purchased up to December, 1873, an aggregate of £7,985,170. Of this sum, the Bank sold about one-half, or £4,670,054. The balance still remaining in the Bank in French gold was reported on the 25th of June, 1874, at £3,303,116. In other words, from 200 millions of francs the stock of French gold in the Bank of England had fallen to 83 millions of francs.

Turning now to the Bank of France, we find that the metallic reserve reached its highest point on the 7th of April, 1870. Its amount was 1,307 millions of francs. This sum was reduced on the 29th of June, 1871, to 550 million francs. On the 26th December, 1871, it rose to 634 millions, but declined on the 30th January, 1872, to 630 millions. It was, on the 13th November, 1873, 731 millions, and continued to increase until it reached 1,164 millions, on the 25th January, 1874. The subjoined table is instructive in this point of view, as it shows the composition of the metallic reserve of the Bank of France, with the proportion of gold and silver at the successive periods at which the maximum of each year was reached:

Specie Reserve of the Bank of France.

Maximum of the Years.		*In Gold. Francs.*	*In Silver. Francs.*	*Total in Francs.*	*Total in Dollars.**
1869	23 Dec.	704,000,000	501,000,000	1,266,000,000	253,200,000
1871	25 Aug.	591,000,000	98,000,000	691,000,000	138,200,000
1872	18 Dec.	657,000,000	133,000,000	792,000,000	158,400,000
1873	5 June	690,000,000	125,000,000	820,000,000	164,000,000
1874	31 Mar.	729,000,000	311,000,000	1,040,000,000	208,000,000
1874	17 June	884,000,000	318,000,000	1,163,000,000	232,600,000

* We add this column to show the aggregate in dollars of five francs each.

These figures offer evidence of several important truths. Chiefly, however, they show that the swift restoration of the old

level of the metallic reserve, taken in connection with the favorable balance of the bank, preclude us from blaming as rash the proposed policy of reducing by 50 millions of francs the annual installment of 200 millions of the treasury debt payable this year to the bank. In the present crisis, the proposed reduction is expedient for the treasury, and not inconvenient to the bank. The value of the bank-note can be in no way compromised in the public confidence by such a policy, for all the notes outstanding are wanted in the channels of the circulation. Neither can the resumption of specie payments be in any way retarded by the policy here proposed.

We translate the above extract of the report of Mr. Wolowski, from the *Journal des Economistes*, for August. In the *Revue des Deux Mondes* appeared recently an elaborate essay on the Bank of France, by M. Victor Bonnet, which may serve to explain Mr. Wolowski's remarks relative to the depreciation of the bank-note. It will be remembered that M. Wolowski's proposition was adopted with some modification. The essential parts of M. Bonnet's remarks about the bank-note circulation of France, we summarize as follows: they are not only useful for the purpose for which we introduce them, but they also serve to illustrate the statements made in our August number. M. Bonnet very truly remarks that "the movements of the paper-money circulation inflicted on France by the war, are destined to surprise a multitude of people." "There is," he says, "in those movements, a complete overturning of the economic and financial ideas which the best authorities had endeavored to establish in the previous history of monetary science. These authorities had always raised their warning voice against paper money and legal-tender laws. They tell us with one accord, that if the quantity of paper money be not strictly limited, and excessive issues prevented, the public confidence will fail, and depreciation will soon follow. In apparent defiance of these sound principles, we find that in the midst of the war troubles of France, paper money to the amount of 1,800 millions of francs was issued, and has been kept at par by means of a coin reserve of 600 million francs, or 33 per cent. This paper money never for a single moment lost its value, or fell to a discount until the first payments were made to Prussia. At that crisis, the premium on gold rose to 2½ per cent., and, strange to say, this premium fell immediately when the law was passed to expand the circulation, and to increase the issues beyond 2,400 million francs, which was the limit at first assigned as the maximum of the note issues. In November, 1871, these issues were 2,300 millions, and the depreciation was 2½ per cent. At the end of January, 1872, the issues were 2,450 millions, and the depreciation had fallen to 1 per cent.

"At length, after the lapse of a certain period, when new issues had been authorized, and the legal limit had been fixed at 3,200 millions, the premium on gold was merely nominal, and no-

body paid any attention to it, except those concerned in the foreign exchanges. The singularity of this was the more noteworthy, because these large emissions of notes took place amidst grave incertitude. For, in the first place, France was paying her immense indemnity to the Prussians, and was seeking in every possible way to augment her specie resources; and, secondly, she seemed likely, in spite of all she could do, to lose her whole aggregate of coin circulation. Never before had such dangers been surmounted with so much success.

"In England, during the suspension of specie payments from 1797 to 1819, legal-tender notes were issued to supply the place of coin which had disappeared. The limits were carefully guarded, and the notes never exceeded 700 millions of francs. Still, in 1810 the depreciation was 25 per cent., and it did not wholly disappear until specie payments were resumed."

M. Bonnet proceeds to inquire how it is possible to explain why a similar depreciation has not attended the paper money issues of France. "Has financial science taken a new departure," he asks, "to show us that we have been wrong in our fears in regard to paper money? Are we about to learn that a new era has begun, and that in the march of modern ideas, we are to realize the famous 'path through the air,' of which Adam Smith and David Ricardo tell us? Are we to achieve the power to circulate paper money with no metallic basis for it to rest upon?"

In reply to these queries, M. Bonnet shows that "in financial science there is nothing new and nothing contradictory. Rightly understood, the preservation of the French currency at par, notwithstanding the immense issues, is due to no suspension of the well-known laws and principles which regulate the value of paper money; one of these principles is, that if paper money be issued in excess it will depreciate. The French precedent of 3 milliards of bank-notes proves nothing adverse to this principle. The phenomenon is in perfect harmony with the broadest teachings of financial science. The problem is almost solved when we consider that 3 milliards of coin had disappeared from circulation before the 3 milliards of notes were put out. In this disappearance of 3 milliards of coin prior to the issue of the 3 milliards of paper which took its place, we have the chief factor for the solution. Another point of minor relative value, but still of prodigious importance, is the large coin reserve which has been accumulating in the vaults of the Bank of France. Moreover, we must not overlook the favorable condition of the foreign exchanges caused by the exportation of securities and of immense amounts of merchandise. Had France not recovered her commercial activity so soon after the ferocious carnival of the Commune, and had not foreign capitalists subscribed so freely to the French war loans, the financial situation would have been much less favorable, and the dangers would have been immensely multiplied in the path of currency depreciation."

Such are the main arguments of M. Bonnet. He concludes by urging the early resumption of specie payments. But neither he nor M. Wolowski, who also insists on resumption, points out the method by which 2,000 millions of notes can be paid off in order to make room for an equivalent amount of coin, which, according to Mr. Bonnet, might be expected to flow back into the current of the French circulation before the resumption of specie payment can be finally accomplished. The discussion sets in a new and interesting light several facts relative to paper money which are not generally understood, and will repay investigation.

Among these facts a conspicuous place must be given to the resolute refusal of the French economists and statesmen to advise the immediate resumption of specie payments, although their paper-money is at par. In this hesitancy and caution, the men who preside over the finances of France differ very much from our monetary advisers here. Some of these theorists had no scruple when gold was at 25 per cent. premium, to recommend immediate resumption as not only possible, but wise and judicious. According to their view, an act of Congress was all that was necessary to remove every impediment, and "the only preparation for resumption is to resume." Soon after the war our newspapers were full of this sort of specious sophistry, which now is much less frequently met with. Still, there are not a few persons among us who are of opinion that it would be perfectly safe and expedient for Congress to pass a law fixing a very early day for resumption, although our paper-money has lately received an important addition, and gold has gone to eleven per cent. premium.

To all such persons, we recommend the example of the French monetary men, whose success in accomplishing the greatest achievement of financial statesmanship recorded in history, gives weight to their opinion, that before specie payments can be resumed much preparation is necessary; and that the preliminaries are not complete when gold is at par, but that in a commercial country much more requires to be done before specie payments can be safely or successfully resumed.

To this it may be replied, that all that can further be needful to make the path to resumption easy, is a large specie reserve. But even this preliminary to specie payments, indispensable as it is, does not satisfy the minds of the French authorities. They have their currency at par, they have also accumulated an immense reserve of coin, with a view to resumption, but, in their opinion, something more is absolutely needful to be done, and till that is accomplished, they regard as an impossibility the final step of advancing to specie redemption. What that last preliminary is which they deem so essential, suggests questions which, as we have seen, France is anxiously pondering, and the expedients that will ultimately be contrived for solving the problem remain at present doubtful.

THE CREDIT FONCIER AND LOANS ON REAL ESTATE.

Every day reminds us of the necessity which has been so long discussed, of making loans easier of access to our farmers and other owners of real estate. This difficulty is at the bottom of much of the greenback agitation at the West. The farmers in Illinois, Indiana, and Michigan complain that they are forced to offer 10 or 12 per cent. for money, and often of late years they would have been glad to pay even higher rates, but they were unable to get loans at any price.

The truth is, that our financial system is defective on that side of it which has to do with long loans and with agricultural mortgages.

We propose to examine the causes of this evil, which, we think, is not only susceptible of a cure, but demands remedial treatment without delay. Before proceeding to discuss the reasons for this opinion, it may be well to pass in review the efforts of other nations to remedy similar defects.

In England, we can derive little aid from the examination of the mechanism for facilitating loans on real estate. The landed proprietors of England are a very small body, and the accumulations of money are so large, which seek investment on mortgage, that the owner of real estate has never much difficulty to borrow on his lands or houses, at very low rates, and for as long a term of years as he wishes.

On the continent of Europe, a very different state of things presents itself. First, real estate, all over the continent, is very much subdivided. Secondly, the owners of landed property are, for the most part, poor. Thirdly, they have access to no such ample reservoirs of floating capital as exist in England. The consequence is, that many years of suffering have stimulated their invention, and have given birth to organized systems of land-credit, intended to make money easy of access to every land-owner who has a good title to a valuable piece of improved real estate. These beneficent organizations very early received the name of *Credit Foncier*.

Like all great improvements designed to correct wide-spread evils, the Credit Foncier seems to have come into existence about the same time in distant localities; whether with or without mutual aid we are not able to say. The earliest organizations of this sort on record were established about the close of the Seven Years' War, when the farmers and landed proprietors of continental Europe found themselves in a state of inextricable embarrassment.

The ruin and destruction caused by the war, the low price of corn, and the general distress made them unable to meet their engagements. Interest and commission rose to 13 per cent. They obtained a respite of three years to pay their debts. To alleviate the distress arising out of this state of matters, a Berlin merchant, named Büring, established a Credit Foncier, and soon afterward similar organizations were found in operation in Germany, Russia, Poland, and, with some conspicuous advantages, in France.

Proprietors of land have one of the best possible securities to offer, and, consequently, they ought to be able, on easy terms, to borrow money on mortgage. Still, in every country such transactions are attended with many inconveniences. They have not only expensive formalities to undergo, such as investigation of title, and other legal preliminaries, but the difficulties and expenses of transfer are usually very great, and each purchaser has to undertake the same investigation and expense. If the debtor fails to pay, the process of obtaining redress, or possession of the land, is usually troublesome and expensive. The consequence of all these obstacles is, of course, to raise greatly the terms on which money can be borrowed on mortgage.

The system of Government Funds suggested to Büring the idea of creating a similar species of land stock. The Government could usually borrow much cheaper than the landlords, because the title was sure and indisputable, and there was no impediment to the negotiability. Büring, therefore, conceived the idea of substituting the joint guarantee of all the proprietors for that of individuals, and establishing a central office, in which this land stock should be registered, and be transferable, and the dividends paid exactly in the same way as the public funds. The credit, therefore, of the Association, was always interposed between the lenders and the borrowers. Those who bought this stock looked only to the Association for payment of their dividends, and the borrowers paid all interest, etc., to the Association, which took upon itself all questions of title and security. The whole of these obligations were turned into stock, transferable, in all respects, like the public funds. Such is the general design of these associations. It is plain, that they avoid the evil of creating paper money, while they greatly facilitate the application of capital to the land. They, in fact, do nothing more than turn mortgages into stock.

There are different methods of organizing such associations, but we may say, in a general way, that the system was introduced into Silesia in 1770; the March of Brandenburg, in 1771; Pomerania, in 1781; Hamburg, in 1782; West Prussia, in 1787; East Prussia, in 1788; Luneburg, in 1791; Esthonia and Livonia, in 1803; Schleswig-Holstein, in 1811; Mecklenburg, in 1818; Posen, in 1822; Poland, in 1825; Kalenberg, Grubenhagen, and Hildesheim, in 1826; Wurtemberg, in 1827; Hesse-Cassel, in 1832; Westphalia, in 1835; Gallicia, in 1841; Hanover, in 1842; and Saxony, in 1844.

These associations are divided into two classes. The first are private associations, and these again are divided into companies, founded by the borrowers, and financial companies, founded by the lenders; the second are associations founded by the State, or the provincial authorities.

M. Wolowski has published a work on the organization of the Credit Mobilier, to which we must refer those who wish to know more about these institutions. We will briefly mention a few, beginning with one of the oldest.

The *Société de Pomerania*, called Landschaft, or *Landschaft Casse*, was founded in 1681, by an advance of 200,000 thalers from Frederick II. The Company creates negotiable obligations at 3½ per cent., for 100 thalers and upwards, and 3⅓ per cent., below, payable half-yearly. The proprietor pays 4 per cent. interest, and ⅙ per cent. for expenses of management. The holder of the obligations has, as security for their payment, the entire capital of the Company, the land specially mortgaged for them, and the liability of all the proprietors of the circle, and, if that should fail, all the proprietors of Pomerania. There is no priority of preference among the obligations. The holder may take away the negotiability of the notes, which can only be restored by a court. The holder cannot demand repayment, but the Company may pay off their bonds. These bonds can only be issued on property in the power of the Company. The head office of the Company is at Stettin. A royal commissioner has the surveillance of its operations, and presides at the general meetings. The administration consists of a director and two assistants. There are four departments in the country, with a director at their head, and several branches to each. These branches have to make all the necessary inquiries concerning the property on which loans are to be advanced.

The borrowers receive the Company's bonds at the exchange of the day, in sums of 200 or 1,000 thalers. For one-tenth of the loan they may have 100, 50, and 25 thaler notes. They may pay either in money or in the Company's bonds, which they may purchase from the public. Overdue coupons are also received as ready money. A debtor may, at any time, pay off his debt, on giving eight months' notice before the payment of the coupons, and paying a deposit of 5 per cent. The Company may also redeem its bonds, on giving six months' notice. In 1837, its bonds in circulation amounted to 55,602,844 dollars, and they were above par. Such is a general outline of their constitution. The various banks in different countries differ in some of their details, which would occupy too much space if we were to undertake the needless task of giving a complete account of them.

These institutions have had the most remarkable effects in promoting the agriculture of the countries they have been founded in. Their obligations have maintained, through all crises—monetary, war, and revolutionary—a steadiness of value, far beyond any other public securities whatever, either government or commercial.

M. Josseau states, that, in a population of 27,827,990, the negotiable Lettres de Gage, or Pfandbriefe, amount to about 540,423,158 francs. In 1848, when all public securities fell enormously, owing to the revolution, the Pfandbriefe kept their value better than anything else. The Prussian funds fell to 69, the shares of the Bank of Prussia to 63, and the Railroad shares 30 to 90 per cent., whereas the Land Credit bonds, producing 3½ per cent. interest, in Silesia and Pomerania, stood at 93, in West Prussia, at 83, and in East Prussia, at 96. In 1850, those producing 4 per cent. were at 102 in Posen, and at 103 in Mecklenburg. In 1852 the institution was first established in Paris, which has since had such a prosperous history as the Credit Foncier de France. Public opinion for many years had been agitated by various schemes for bringing land and capital into more satisfactory relations to each other. The farmers of France complained that agriculture was depressed, in consequence of the high rates exacted for loans on mortgage. Eight per cent. was the usual rate charged on first mortgages, and it was contended that 4 per cent., on the average, was an ample price to pay for the hire of capital, on property so permanent and exempt from risk as real estate in France. This argument was confirmed by reference to England, where mortgages range from 4 to 5 per cent., while in Germany, and other continental countries, the rates paid by landed proprietors for loans on mortgage were lower still. On these data, it was demonstrated that agriculture in France was oppressed by heavy burdens, for the benefit of capitalists, and that these burdens could be lightened and brought within reasonable limits, if a great central association were incorporated, to stand between borrowers and lenders, so as to protect the farmers on the one side, and on the other, to give ample security to the capitalists. M. Wolowski was one of the earliest advocates of this proposed lending corporation, and for many years he labored, with small success, to enlighten public opinion on the subject. At length, on the 28th March, 1852, he succeeded in obtaining from the Government a decree, authorizing 31 capitalists to establish a mortgage association, under the title of the *Banque Foncière de Paris*. Its capital was 25 million francs. On the 10th December, 1852, this Society was authorized to extend its monopoly of mortgage operations into all departments of France, except the two departments in which similar institutions already existed. About the same time, the capital was increased to 60 million francs, and the name of the association changed to that of *Credit Foncier de France*. One-half of the capital was then paid up, and, in 1862, the remainder was placed in the reserve. In 1869, the nominal capital was further increased to 90 million francs, of which 45 millions are paid up, and constitute the active working capital.

As a further means of raising funds, the Credit Foncier raised a loan of 200 million francs, divided into 200,000 bonds, of 1,000 francs each, redeemable for 1,200 francs. Each bond bore inter-

est at the rate of three per cent., or 30 francs a year, and gave to its owner a right to participate in the quarterly drawings for redemption at 1,200 francs each.

Besides these funds, the Credit Foncier of France had 10 millions of francs from the Government, as a subvention. From this Government grant, it is easy to infer that the next step would be to put the whole institution under Government control; this was not accomplished till 6th July, 1854, when a decree was made, appointing a governor and two lieutenant-governors, in whose hands was virtually placed the entire control of the institution.

For some years the Credit Foncier was not allowed to lend except on real estate and on mortgage. But, in 1858, these privileges were extended. Still, excepting two or three Government loans, the Credit Foncier did not largely avail itself of this doubtful extension of its original purpose; its managers preferred to lend money on mortgage of real estate. Since its establishment, in 1852, the Credit Foncier had made long loans to do the aggregate amount of 1,162 million francs, of which 844 millions were lent in 12,153 loans on property in Paris.

The relative magnitude of the loans compares as follows:

AMOUNT AND MAGNITUDE OF THE LOANS OF THE CREDIT FONCIER.

Value of Loans.			No. of Loans.	Amount in Francs.	Amount in Dollars.
Loans below	10,000 francs, or	$2,000	7,483	30,669,278	$6,133,855
" "	50,000 "	10,000	8,161	215,708,245	43,141,649
" "	100,000 "	20,000	2,672	204,337,634	40,867,527
" "	500,000 "	100,000	2,418	492,654,951	98,530,990
" "	1,000,000 "	200,000	121	85,530,000	17,106,000
" above	1,000,000 "	200,000	27	124.680,000	24,936,000
Totals			20,882	1,153,580,108	$230,716,021

One of the chief features of these loans is the repayment by annual instalments, at the rate of ½ to 1½ per cent. a year. Thus, by a small yearly payment, the debts are paid off in a few years. The length of time allowed for this amortisement varies from 10 to 60 years.

RELATIVE DURATION OF THE LOANS OF THE CREDIT FONCIER.

Time.	*Number.*	*Amount in Francs.*	*Amount in Dollars.*
10 to 12 years	601	13,972,189	$2,794,438
20 years	664	19,401,258	3,880,251
21 to 30 years	1,258	37,537,081	7,507,416
31 to 40 years	258	10,421,493	2,084,298
41 to 49 years	1,746	148,413,949	29,682,790
50 years	14,473	846,862,138	169,372,428
60 years	1,882	85,972,000	17,194,400
Total	20,882	1,162,580,108	$232,516,021

As to the proportion of city and country property selected for its loans, the following table gives some interesting statistics:

Location of the Property Mortgaged.

	No. of Loans.		*Amount in Francs.*		*Amount in Dollars.*
City Property............	15,875	..	930,862,792	..	$186,172,558
Country Property.........	4,666	..	211,610,116	..	42,322,023
Mixed Property.........	341	..	20,107,200	..	4,021,440
Totals.............	20,882	..	1,162,580,108	..	$232,516,021

From these tables, we see how unequally the mortgage operations of the Credit Foncier are distributed throughout the country. The total sum of the real estate mortgages of every kind in France is estimated from 10 to 12 milliards; of this sum, the Credit Foncier seems to have advanced a notable portion. But Paris and its suburbs have absorbed two-thirds of the aggregate. If we compare the city mortgages with those of the country, we find that the latter amount to less than one-fifth of the whole. In other words, the Credit Foncier has lent four-fifths of all its funds on city property. The capital and aggregate transactions of the institution, since its establishment in 1852, are reported as follows:

Capital and Operations of the Credit Foncier de France, 1852–1873.

[Five ciphers omitted; thus 13,0 = 13,000,000.]

		Capital.		*Total Operations.*		*Long Loans.*		*Total of Loans Repaid.*
1852	....	13,0	....	0,8	....	0,8	....	—
1853	....	13,1	....	26,0	....	26,0	....	22,1
1854	....	13,2	....	27,6	....	27,6	....	54,6
1855	....	13,2	....	12,6	....	12,6	....	72,2
1856	....	14,7	....	8,5	....	8,5	....	73,7
1857	..	14,7	....	9,3	....	8,1	....	82,0
1858	....	14,9	....	38,0	....	30,0	....	113,9
1859	....	15,0	....	52,5	....	26,4	....	136,7
1860	....	15,0	....	156,1	....	48,1	....	219,2
1861	....	15,0	....	193,3	....	87,3	....	320,8
1862	....	21,1	....	145,6	....	86,0	....	404,7
1863	....	26,5	....	293,2	....	107,9	....	516,8
1864	....	29,9	....	297,0	....	74,0	....	624,7
1865	....	30,0	....	337,6	....	96,8	....	786,5
1866	....	30,0	....	435,8	....	112,8	....	1,068,0
1867	....	30,0	....	343,6	....	87,2	....	1,196,4
1868	....	30,0	....	354,8	....	89,7	....	1,291,1
1869	....	45,0	....	336,7	....	92,5	....	1,302,3
1870	....	45,0	....	279,0	....	51,4	....	1,289,9
1871	....	45,0	....	165,0	....	22,8	....	1,319,4
1872	....	45,0	....	231,1	....	45,1	....	1,314,3
1873	....	45,0	....	208,2	....	13,0	....	1,204,5

The reduction in the cost of loans to the owners of real estate, which has been effected by the Credit Foncier, may be seen in the subjoined table:

RATE OF INTEREST ON THE LOANS OF THE CREDIT FONCIER.

	Number.		Amount in Francs.		Amount in Dollars.
3.70 per cent.	290	..	22,445,300	..	$ 4,489,060
4.25 per cent.	212	..	11,070,300	..	2,214,060
4.51 per cent. } 5.00 per cent. }	20,380	..	1,129,064,508	..	225,812,901
Total	20,882	..	1,162,580,108	..	$ 232,516,021

These statistics show how notable is the reduction which the Credit Foncier has made in the rates for loans on real property in France. In 1850, a government report was published, showing that mortgages in France commanded about the same rates which they now bear in this country, namely, from 7 to 12 per cent. From the above figures, we see that the rate of interest at which the Credit Foncier lends its funds there is from 3.70 to 5 per cent.

Some very valuable information in regard to the organization and benefits of such institutions as we are examining may be found in the treatise of M. Wolowski on the Credit Foncier, which is, in many respects, the best of the numerous works that have appeared on the subject. With much logical clearness, and a formidable array of facts, he demonstrates the fundamental principles on which such organizations should be established. Having thus laid a practical foundation for his theory as to the management of the Credit Foncier, he shows that, in the progress of nations, there are dangers of irregular growth in financial institutions and polity, which need to be redressed and corrected by statesmanship; just as in the human body, especially during its earlier growth, physiological skill is able to correct tendencies to one-sided development. This fruitful principle may be applied to explain some irregularities of the financial and industrial organism of this country. For example, it has been pointed out that while some parts of our monetary machinery, and especially our banking system, have received rapid development during the last quarter of a century, so that the mercantile classes of the community are abundantly provided with financial facilities, there are other important classes that are not as well provided for. Among these neglected interests of the country, a prominent place has been claimed for agriculture and real estate. Crude attempts have been made in this country to imitate the old exploded system of land banks, such as Dr. Hugh Chamberlayne and some other notable adventurers attempted formerly in Europe. What we have yet to do, is to follow the steps of that progress which European finance has achieved, in the creation of sound and trustworthy systems, which have stood the test of experience, and have shown themselves capable of successful and safe operation.

OUR FINANCIAL SITUATION AND THE REMEDY.

By Robert Morris.

Our situation financially, which means economically, is not without a parallel. On two occasions, emphatically, we have passed through the same experience that now besets us. Those were the occasions following the refusal of Congress to renew the charter of the first Bank of the United States, in 1811, and the veto of the charter of the second Bank of the United States, by President Jackson, in 1832. A suspension of specie payments followed, in both cases, with a protracted period of commercial distress, prostration and insolvency. As long as there was a National institution to restrain the multiplication of State banks, credit was restrained. As soon as it became known that the first Bank of the United States was not to be rechartered, a brood of State banks sprung up, and swelled the volume of credit beyond all bounds of safety. The suspension of specie payments followed, with years of embarrassment, depression and insolvency. To cure this state of things, all parties in Congress united, and chartered the second Bank of the United States, in 1816. The premium on specie disappeared six months before the new institution began business, and specie payments were restored in January, 1817. The same set of phenomena recurred after the veto of the second National Bank, in 1832. The Secretary of the Treasury (Woodbury) informed Congress, that between the 1st of January, 1836, and the 1st of December of the same year, 110 new banks were incorporated with an aggregate capital of 60 million dollars. A corresponding increase of credit brought on the panic and suspension of 1837, since which date there has been a succession of crises, intermitting with short periods of commercial quiet, more from debility in the system than from a condition of sound health.

It has been supposed that the panic of 1873 was over. But if the violence of the storm no longer rages, its effects remain. Of the failures which are reported, from time to time, all are attributed to the lamed condition in which things were left on its subsidence. Our general state at the present time, is one of unparalleled depression in all branches of trade and employment. Under some appearances of activity, there is a prevalent hopelessness, such as is not common to a transient period of commercial embarrassment. Everything indicates a seriously disordered and demoralized condition of general society. If the truth were known, it would doubtless appear that the unusual number of offenses against property, the raids of masked burglars wandering over the country, and the multiform outrages perpetrated under the guise of political hatred and revenge for pretended injuries, are more the natural fruit of idleness and despair, than of deliberate or wanton wickedness.

In this deplorable state of affairs, all thoughts are directed to the Government at Washington. Whether it is in the power of the Treasury to give relief to the masses of people, by any change of financial policy, is a question on which men differ widely. Those who are prosperous and above the pinch of want will say, as they always do, that the personal affairs of men are in their own hands. But true as this may be, generally, it is not so in the present crisis. When a financial storm overtakes commerce, it strikes down labor in the mass. It was but the other day that a large locomotive engine-building establishment, in a near city, went to the wall, and 900 men were thrown out of wages in an hour. What are those men to do, when every branch of employment is overfull of workmen already? They cannot be persuaded that thorns are figs, or stones bread. It is not our desire to make the case seem more distressing than it is. Those who deny that the great body of society is this day sorely "under the harrow," are the well-clad, well-fed, well-housed few, who have only to draw a bank-check, and to luxuriate at ease. The Vanderbilts, the Stewarts, the Jay Goulds, the salaried officials of rich institutions—there is no iron to come home to these, as it comes home to the 900 men at Paterson, and to the mass of all below that special class of Fortune's heirs.

While it may be impossible, as the writer believes it to be, for the Government to do any thing for the immediate relief of the country, it is not impossible to set measures at work, which shall make the future seem less dark than it is, less hopeless,—we may say, less threatening. The late election, which was much less of a political than a social phenomenon, was the direct result of the failure of the Republican party to meet the economical emergencies of the country. They err greatly who regard it as brought about by the fact that a few bad men were allowed to lead Congress, or by the "third term" fiction. These were mere provocatives. If the party had governed for the country, and not for itself—if it had shown ability to deal with the great concerns of National life, those accidents would have been powerless to shake its stability. Whether the new men can do better, is in the future. We are not disposed to put even a bad prognosis in their way.

Now, the question comes up, what is to be done? Is our experience worth nothing? Are we, as a people, so vain as to deceive ourselves with the notion that we can dig truth out of the natural soil under our feet, instead of reaping it from the field of history and experience? We know very well that there are people who will hammer a senseless dogma against all truth, and consider that every argument is answered by its loud and repeated utterance. If we show, by official records, that a National Bank is better suited to meet all the fiscal emergencies of the State, and all the exigencies of commerce, than an indefinite number of small and rival institutions, they will not reason on the merits of the

case, but they will disinter the bigotries, prejudices, and political passions of forty years ago, and bang them in our face, with a noisy asseveration, that "We can never have another National Bank." And that is all the answer they have to give. It is not to the purpose to say that errors, and even frauds (if you will), were perpetrated by our two National Banks. So there are errors and frauds in the Christian Church. The fact is demonstrable, beyond all dispute; that an institution with a large capital, such as either Bank of the United States had, may restrain credit from excess, while small banks, with rival interests, competing to make large dividends, have, naturally and inevitably, the effect to expand credit, to swell the volume of paper circulation, and to encourage every kind of reckless adventure. This is the great lesson that the people of the United States have now to learn. From the year 1820 to 1830, but 22 new banks went into operation, with an aggregate capital of 16 million dollars. As soon as it became evident that the Bank of the United States was to go out of existence, a furore for new banks sprung up, and in the seven years following 304 were created, with a capital of 145 million dollars, and a paper circulation of near one hundred million. The inevitable result was, specie suspension, universal distress in commerce, prostration of all industries, and the same kind of social anarchy and demoralization, as exists in the present day.

The first step towards a remedy for our present difficulties, is *not*, as the conservative part of the people demand, a return to *specie payments*. There is nothing in any specific action to that end that can rouse the energies of the country, restore labor to activity, and set us on the high road to prosperity. Let us not mistake an ulterior accident of a commercial condition, for the direct object that is to produce the accident. That object is, the *credit* of the country. Our general credit has, for many years, been on the track of *enlargement*, while the due proportion of support for it has been wanting. The proof of this fact, which has controlled everything, is, the almost continuous and chronic state of *crisis* that has prevailed, in all those years in which there has been no National institution to act as the fiscal agent of the Government, and to save the revenues from being abstracted from the general business of the country. I repeat this astounding fact, that the *credit* of the country (not of the Government) has always labored under a deficient support. Nothing could save us from the logical effect—a chronic tendency to crisis, a swing from better to worse, and from worse to better. Even in the forty years of the National Bank regime, commercial credit has been, coordinately with the reign of the Democratic party, an object of political attack. The institution of the *Independent Treasury*, was the cap-stone of hostility to credit, in the shape of banks. It was the legal establishment of the doctrine of separation of the revenues of the Government from their proper office of cultivating the sources of revenue, and thus reducing the taxes of the people.

There is now no practicable way to get back to specie payments, but by the firm *shoring up* of our vast superstructure of credit. No man of sense wants to see that credit overtopple and fall, as it surely will if not provided with a permanent support, proportionate with the great spread of its superstructure. To this end, I shall endeavor to show, in a subsequent paper, that a BANK OF THE UNITED STATES, with the capital constituted by the consolidation of the capitals of a large proportion of the banks composing the National system, is the only practical and practicable plan for the stabilitation of our commercial credit, whence specie payments and a general and swift revival of our economic industries will follow,

"As night the day."

CURRENCY AND SPECIE.

To the Editor of the Banker's Magazine:

The currency plan, entitled "A Short Road to Specie Payments," which was published in your September number, has naturally attracted much attention from bankers, coming as it does from the president of one of the leading banks of the country. It seems almost incredible that any financier would advocate, as he does, the establishment of a system for the direct issue of currency by the Government, whether such currency be redeemable or irredeemable in specie. After such an example no plan that might be offered should appear preposterous, and the writer, therefore, ventures to suggest the following:

First. Let the National Bank note be made *legal tender* for all debts between individuals, but itself only redeemable in money of the United States (gold or greenbacks) at the counter of the issuing bank or at that of a central redemption agency in New York.

Second. Require the banks to keep with this central agency a deposit in U. S. notes or specie, equivalent to ten per cent. of their circulation. The redemption agency to be a clearing-house, created for this sole purpose, and under the control of the Government.

Third. To encourage investments in the business of banking, let Congress prohibit the taxation of bank shares, and enact that the capital of chartered banks shall not be taxed at any higher rate than that of individual bankers.

Under this arrangement, specie payments could be resumed with entire safety to all interests in the only way in which it can ever be accomplished, viz., by the retirement of United States notes. This might be at once effected by funding the latter at their face value into a bond now worth par in specie; or, instead of this, there might be adopted some graduated plan of withdrawal.

To prevent panics, the right to re-issue notes might be given to the Government, the emergency to be determined by certain

events, and not at the will of an administration. For instance, as the banks would derive all the profits of circulation, they might be made to bear the penalty of specie suspension, by being required to surrender to the Government bonds deposited as security for their notes, upon the payment of those notes by the Government, through the central agency. Under this arrangement no bank would fail to keep good its reserve, unless absolutely forced to do so by such a condition of our foreign exchanges as would really justify suspension and the re-issue of U. S. notes.

A four per cent. bond might be used for this currency, and the rate of circulation reduced to, say 80 cents. In fact, the plan would admit of many modifications in detail, without destroying the general system and purpose.

It will be noticed that the legal-tender feature of the National Bank note would be somewhat similar to that of the Bank of England note; but the limit of issue would only be restricted by the deposit of money at the central agency, and of bonds at the Treasury Department.

H. W. Y.

OMAHA, NEB., November, 1874.

THE DRAIN OF GOLD FROM THE BANK OF ENGLAND.

The drain of gold from the Bank of England is causing some anxiety. We, therefore, compare the relative amounts of gold held by the chief banks of Europe. These particulars are given below.

Bank of	*Capital.*	*Deposits.*	*Loans.*	*Circulation.*	*Coin and Bullion.*
England....	$72,765,000	123,532,700	240,572,030	177,971,200	106,706,405
France.....	36,500,000	71,180,446	378,710,200	512,430,497	253,710,859
Prussia	14,400	34,231,480	142,254,616	202,260,096	153,766,080
Belgium....	6,000,000	12,940,000	53,460,000	60,285,000	21,925,000
Austria.....	*51,000,000	....	84,270,000	150,445,000	71,645,000
Total...	$180,665,000	241,887,626	379,266,846	1,103,391,793	607,753,344

* Estimated.

There is little reason for the complaint in Europe as to the failing supply of the precious metals. From this country alone the yield of the last quarter of a century was $1,588,644,934. Of this sum California produced 1,094,919,098 dollars, nearly all of which was in gold. Nevada has produced 221,402,412 dollars in gold and silver, but chiefly the latter. Utah has produced $18,527,537. Montana has added $119,308,147, and Idaho $57,249,197. Colorado has already reached about $30,000,000. Oregon and Washington Territory have together produced $25,504,250. British Columbia has contributed about $9,000,000. The increase of last year was about fourteen per cent., the total yield being $80,287,436, against $70,236,914 in 1872.

DEFAULTING RAILROADS AND THEIR LESSONS.

So many conflicting statements have been made in the newspapers as to the aggregate of railroad bonds which have defaulted on their interest, and a disposition has been shown, in some quarters, both at home and abroad, to deduce such grossly inaccurate inferences from these troubles, that we have deemed it proper to make a thorough examination of the whole of the reported defaults, and we present in this article a part of the statistics which we have collected. They will be found to differ in some important particulars from the tables elsewhere published. We have spared neither labor nor expense in the hope of making our figures approach, as nearly as possible, to precise accuracy. We find that, on the whole, there are no less than 115 railroads whose securities have been tainted by default. The amount of the principal of these bonds is $525,294,867 against 390 millions a year ago. It thus appears that during the past year the list of defaulting bonds has been increased by 135 millions. On the other hand, 17 of these railroads have resumed payment, or are otherwise reconstructed under arrangements with their creditors. The aggregate of these reconstructed bonds is $98,350,995. Subtracting these reconstructed bonds from the total above given, we find that the sum of the bonds at present in default is reduced to $426,943,872. Next spring it is expected that several important additions will be made to the reconstructed list. The negotiations for that object are pending with a promising prospect of success.

History repeats itself in railroad development as well as in other departments of modern progress. In the defaults which we are investigating, we find, on a smaller scale, the counterpart of the railroad troubles of England twenty-seven years ago. Thomas Tooke, in his History of Prices, gives a sketch of the railway expansion prior to the panic of 1847; and his statements read almost like a history of our own disastrous achievements in more recent fields of railway enterprise. Three points of similarity suggest themselves, when we compare our late railroad panic with that of Great Britain, just referred to. First, both of those convulsions were severely and widely felt, but their influence was confined to a limited circle of railroad investments; and mercantile credits did not suffer, except indirectly and as a consequence of the cessation of the demand for railroad iron and for other necessaries of the work of railway construction. Secondly, the great depression of certain kinds of railroad property caused immense amounts of capital to disappear and become *latent;* but the pressure of the panic had scarcely passed off, before values began to recover, and the latent capital which had been sunk and submerged in the panic soon began to appear again, and become once more available. Thirdly, both the American and the

English panics arrested railway building for a time, and put an end to much rash speculation, causing a more conservative spirit to preside over the subsequent course of railway extension. This at least was the experience of England a quarter of a century ago, and there are not a few indications that it will repeat itself here.

Before we proceed to our statistics of the defaulting railroads, it may be of service to make a brief survey of the general character of the investments offered by the railroad securities of this country. In *Poor's Manual* the aggregate cost of our railroad network is set down at 3,784 millions of dollars. Of this sum 1,947 millions of dollars are shares, and 1,837 millions are bonds. On these bonds 7 per cent. interest would require net earnings to the amount of $128,583,311 a year. The actual net earnings are reported at $183,810,562. Hence we see that the railroads of this country earn enough to pay 7 per cent. on all their funded and floating debt, and a large surplus besides. This surplus, available for dividends to the shareholders, amounts to $53,227,251 per annum. The subjoined table shows how these aggregates are reported in the railroad network of the different sections of the country:

AGGREGATE FUNDED DEBT AND NET EARNINGS OF UNITED STATES RAILROADS.

Railroad network in	*Total bonds and debt.*	*Required to pay 7 per cent.*	*Actual net earnings.*	*Amount left for dividends on shares.*
New England States	$122,224,449 ..	$8,555,711 .	$15,061,777 .	$6,506,066
Middle States	477,199,070 ..	33,403,934 ..	69,280,585 ..	35,876,651
Western States....	883,794,823 ..	62,265,637 ..	72,464,212 ..	10,198,575
Southern States....	280,846,999 ..	19,659,289 ..	18,145,349 ..	1,513,940
Pacific States......	102,839,109 ..	7,198,247 ..	8,858,639 ..	1,660,392
Total.	$1,836,904,450	$128,583,311	$183,810,562	$53,227,251

Notwithstanding all that the traducers of our securities can say to their disparagement, it is fully proved, that the actual earnings of the past, and the prospective development of the future, combine to give a broad basis of credit to American railroad bonds. In answer to the calumnious aspersions that have been so frequent of late, we need only reply, that the railroad net-work of the United States, after paying all operating expenses, earns a net income sufficient to pay 7 per cent. on its whole debt, and has still in hand 53 millions to be divided among the shareholders. This is equal to about 2¾ per cent. per annum on the par value of the shares. With these facts before us, and remembering that our railroad system is at present in its infancy, we may easily demonstrate that railroad investments in every part of this country, except in some of the Southern and Western States, offer present and prospective attractions to capital which can scarcely be surpassed in any other country. To illus-

trate this point still further, we have compiled from *Poor's Manual* the following table of the total cost and net earnings of our railroads at the end of 1871, 1872 and 1873:

COST AND EARNINGS OF RAILROADS, 1871 TO 1873.

SUMMARY OF THE AGGREGATES.

	Total Cost.			Net Earnings.		
	1873.	1872.	1871.	1873.	1872.	1871.
	$	$	$	$	$	$
New England States	263,697,778	230,609,704	187,253,084	15,061,777	14,436,481	12,866,745
Middle States	1,126,702,107	922,700,774	822,153,566	69,280,585	59,527,048	51,362,489
Western States	1,730,728,234	1,472,625,232	1,225,551,544	72,464,212	67,317,083	56,207,409
Southern States	509,324,106	401,913,267	293,178,261	18,145,349	16,455,490	12,815,095
Pacific States	154,090,809	131,573,990	136,491,109	8,858,639	8,018,271	5,021,252
Aggregate	3,784,543,034	3,159,423,057	2,664,627,645	183,810,562	165,754,373	141,746,404

DETAILS OF EACH STATE.

	Total Cost 1873.	Total Cost 1872.	Total Cost 1871.	Net Earnings 1873.	Net Earnings 1872.	Net Earnings 1871.
Maine	38,195,948	40,225,043	32,143,619	1,388,855	1,024,088	1,168,869
New Hampshire	13,781,413	14,664,619	13,512,987	1,166,274	1,126,482	868,423
Vermont	24,291,930	22,189,946	17,872,459	1,463,634	1,379,148	507,736
Massachusetts	124,195,246	104,263,908	73,780,061	6,926,958	0,592,225	7,080,068
Rhode Island	5,168,783	3,652,828	3,537,928	424,371	453,370	431,852
Connecticut	58,054,458	45,613,450	46,406,030	3,691,685	3,861,168	2,809,797
New England States	263,697,778	230,609,704	187,253,084	15,061,777	14,436,481	12,866,745
New York	441,887,961	360,204,135	333,664,851	23,782,428	20,195,103	14,429,595
New Jersey	151,388,606	127,910,599	125,021,615	9,008,513	7,470,285	9,869,137
Pennsylvania	471,169,794	384,781,258	318,134,112	30,523,322	26,371,637	22,887,218
Delaware	3,819,479	2,893,390	2,103,941	187,894	137,987	114,796
Maryland and D. C.	58,295,517	46,911,392	43,229,047	5,756,550	5,354,036	4,061,770
West Virginia	140,750	....	....	21,878	....	....
Middle States	1,126,702,107	922,700,774	822,153,566	69,280,585	59,527,048	51,362,489
Ohio	393,622,054	339,601,802	312,065,555	18,469,608	18,071,692	16,271,828
Michigan	111,373,671	88,408,617	46,358,363	3,950,624	4,465,655	2,876,450
Indiana	193,541,002	187,120,590	141,875,506	6,036,572	7,206,161	6,167,246
Illinois	358,218,046	248,012,916	235,656,086	20,869,330	17,208,737	15,121,228
Wisconsin	88,149,382	69,921,644	50,252,563	4,538,432	2,613,386	2,863,965
Minnesota	94,992,253	71,247,347	46,558,432	809,842	662,343	576,580
Iowa	84,174,115	96,205,289	79,969,242	2,370,235	3,896,483	1,106,170
Kansas	131,802,443	117,965,946	95,132,905	4,123,438	3,381,684	1,952,371
Nebraska	115,311,976	104,963,209	102,355,962	5,612,050	4,294,760	3,931,115
Missouri	132,146,492	131,874,072	111,472,002	4,322,694	4,649,516	4,238,639
Dakota Territory	1,000,000	....	....	80,086	....	....
Utah Territory	7,575,000	2,490,000	....	766,358	206,358	....
Colorado Territory	18,821,800	14,813,800	5,854,928	528,983	246,390	201,817
Western States	1,730,728,234	1,472,625,232	1,225,551,544	72,464,212	67,317,083	56,207,409
Virginia	97,753,153	78,321,399	62,169,619	2,763,294	2,359,732	2,028,258
North Carolina	35,425,096	26,824,118	25,419,468	1,312,062	929,156	1,011,279
South Carolina	30,307,216	25,964,266	22,237,393	1,376,318	1,205,525	1,214,432
Georgia	41,143,172	36,639,326	30,663,020	2,267,472	2,267,630	2,618,958
Florida	7,142,000	669,621	....	170,000	35,357	....
Alabama	61,001,839	62,156,450	24,401,599	1,155,811	1,132,387	646,043
Mississippi	42,424,194	36,113,336	26,976,335	1,936,050	2,063,515	1,001,931
Louisiana	34,440,020	30,387,636	27,600,000	1,083,260	1,030,845	404,685
Texas	44,608,864	18,666,013	18,619,160	2,565,436	2,038,642	1,382,335
Kentucky	53,210,579	40,141,774	36,096,420	2,019,795	1,990,626	1,365,371
Tennessee	24,966,565	37,847,920	18,995,247	1,138,593	1,324,708	1,131,803
Arkansas	36,901,408	8,781,408	....	345,258	77,367	....
Southern States	509,324,106	401,913,267	293,178,261	18,145,349	16,455,490	12,815,095
California	154,090,809	131,573,990	136,491,190	8,858,639	8,018,271	5,021,252

These aggregates show that the net earnings of our railroad system have increased 42 millions in two years, and that these increased earnings have involved an outlay of capital to the

amount of 1,120 millions of dollars. This rapid absorption of capital for new railroads is universally recognized as one of the chief causes of our last panic. Still, a large proportion of the defaulting roads have been built with foreign capital, as is proved by the fact that of the 390 millions of American railroad bonds now owned abroad, 148 millions are in default. In other words, our railroad crisis has been made worse, and its danger multiplied, by the credulity and recklessness with which foreign bankers have floated speculative railroads which Wall street refused as worthless.

It has been well said that the existing depression of the railroad interest, which causes so much foreboding, offers a stimulus for present exertion and an inspiration of future confidence. Had the panic been deferred for a year or two, its sweep must have been much more terrific. Like an avalanche, it would have carried destruction through the whole region of our commerce and trade, but, coming as it did, it struck but the extreme edge of the financial field. It gave timely warning. It left the vital parts uninjured, and its ravages are being swiftly repaired. The estimate is that of the 1,491 millions which our railroads had cost in 1860, less than 200 millions was foreign capital; while during the last ten years, on the average, 100 millions of dollars a year have been so invested. Our leading bankers express the opinion that this influx of foreign capital into our railroads is organizing itself in new forms, and is creating a mechanism which will give more of safety to the movements of capital this way, so as to get rid of impediments by which those movements have been repelled and retarded. Another point is, that the new foreign capital which is making preparation to invest itself here will be very discriminating, and will be guided by a cautious principle of intelligent selection which will exclude from its benefits most of the new railroads, and will prefer such enterprises as have an established reputation and a well-developed traffic. This would leave the new railroad schemes to depend, as they should, on capital subscribed in this country.

In the subjoined list a number of schemes figure for millions which would never in this country have been able to attract from legitimate investors a single dollar on their own merits. An interesting episode in the financial history of our railroads might be written on the ingenious expedients by which a host of adventurers have contrived during the last few years to obtain such vast amounts of capital from confiding investors here and abroad. It is well that their mischievous efforts have been so soon terminated, and that the whole sum of the defaulting bonds amounts to no more than 427 millions. The details of these defaults are subjoined, and for the reasons we have mentioned, their aggregate amount is likely soon to receive a notable decrease.

RAILROADS IN DEFAULT, DECEMBER, 1874.

⁂ In the fifth column the letters N. Y. show that the bonds and interest are payable at New York; A., at London and Amsterdan; B., at Boston; C., at Philadelphia; D., at New York and London; E., at New York, London, and Frankfort; F., at New York and Boston; G., at New York and Philadelphia; H., at London; I., at Amsterdam.

Name and Description.	*Length in Miles.*	*Principal of Bonds outstanding.*	*Rate per cent.*	*Where Payable.*	*Date of First Default.*
Alabama Central:					
1st mortgage	81	$1,600,000	8	N. Y.	July, 1873
Alabama & Chattanooga:					
1st mortgage, gold, guar. by Ala.	296	5,220,000	8 g.	N. Y.	July, 1872
2d mortgage, not guaranteed	"	2,673,000	8	N. Y.	July, 1872
Arkansas Central:					
1st mortgage, gold		720,000	8 g.	A.	Jan., 1874
Atchison & Nebraska:					
1st mortgage	150	3,750,000	8	B.	Sept., 1873
Atlanta & Richmond Air-Line:					
1st mortgage	180	4,248,000	8	N. Y.	Jan., 1874
Atchison, Topeka & Santa Fe:					
1st mortgage (*a*)	470	7,041,000	7 g.	N. Y.	Jan., 1874
Wichita branch, 1st mort'ge guar.	27	412,000	7 g.	N. Y.	Jan., 1874
Atchison, Topeka & Santa Fe:					
Land grant bonds	—	3,398,500	7 g.	N. Y.	April, 1874
Atlantic & Great Western:					
1st mortgage	605	15,165,200	7 g.	—	July, 1874
2d mortgage	—	8,707,200	7 g.	—	Sept., 1874
Atlantic, Mississippi & Ohio:					
Various issues (*b*)	—	4,849,100	6, 7, 8.	N. Y.	Jan., 1874
Atlantic & Pacific:					
1st mortgage land grant (*c*)	—	2,945,500	6 g.	N. Y.	Jan., 1874
2d mortgage	—	3,000,000	6 g.	N. Y.	Jan., 1874
Interest scrip	—	1,718,438	6 g.	N. Y.	Jan., 1874
1st mortgage Central Division	—	1,200,000	6 g.	N. Y.	May, 1874
Boston, H. & Erie, now N. Y. & N. E. ($5,000,000 guar. by Erie):					
Berdell mortgage (*d*)	139	20,000,000	7	N. Y.	July, 1869
Burlington & South-Western:					
1st mortgage, coupon or registered	105	1,800,000	8	B.	Nov., 1873
Burlington, Cedar Rapids & Minnesota:					
1st mortgage, gold, sinking fund (*e*)	229	5,400,000	7 g.	N. Y.	Nov., 1873
1st mortgage, gold, Mil. Division	—	2,200,000	7 g.	N. Y.	Feb., 1874
Canada Southern:					
1st mortgage	291	9,000,000	7 g.	N. Y.	Jan., 1874
Cairo & St. Louis:					
1st mortgage (*f*)	150	2,500,000	7	—	April, 1874
Cairo & Vincennes:					
1st mortgage, gold	156	3,500,000	7 g.	D.	April, 1874
California Pacific:					
Extension mortgage	141	3,500,000	—	N. Y.	July, 1874
Income bonds	—	1,000,000	—	—	——
Cayuga Lake:					
1st mortgage (*g*)	40	800,000	7 g.	C.	Jan., 1874
2d mortgage	—	400,000	—	—	——
Central of Iowa:					
1st mortgage, gold, coupon	231	3,700,000	7 g.	N. Y.	July, 1873
2d mortgage, gold	—	925,000	7 g.	N. Y.	April, 1873
Chesapeake & Ohio:					
1st mortgage, sinking fund, gold (*h*)	—	12,364,900	6 g.	—	Nov., 1873
Other bonds, various issues	—	7,012,557	7	—	Jan., 1874
Chester & Tamaroa (Ill.)	41	660,000	7 g.	—	— 1872

Name and Description.	*Length in Miles.*	*Principal of Bonds outstanding.*	*Rate per cent.*	*Where Payable.*	*Date of First Default*
Chicago & Canada Southern:					
1st mortgage, gold	—	2,500,000	7 g.	N. Y.	Oct., 1873
Chicago, Clinton & Dubuque:					
1st mortgage	60	1,500,000	8	B.	Dec., 1873
Chicago, Danville & Vincennes:					
1st mortgage, main line	114	2,500,000	7 g.	N. Y.	Oct., 1873
1st mortgage, Indiana extension	32	592,000	7 g.	N. Y.	Oct., 1873
Chicago, Dubuque & Minnesota:					
1st mortgage	131	4,350,000	8	B.	Dec., 1873
Chicago & Michigan Lake Shore:					
1st mortgage	195	3,500,000	8	B.	July, 1873
1st mortgage	195	1,350,000	8	B.	Nov., 1873
1st mortgage, on branch	52	1,300,000	8	B.	Sept., 1873
Chicago & South Western:					
1st mortgage, gold, not guaranteed	50	1,000,000	7 g.	N. Y.	June, 1873
Cleveland, Mt. Vernon & Delaware:					
1st mortgage, gold	145	2,300,000	7 g.	N. Y.	July, 1874
Columbus, Chicago & Indiana Central:					
2d mortgage	587	5,000,000	7	N. Y.	Aug., 1874
Danville, Urbana, Bloomington & Pekin:					
1st mortgage	117	2,000,000	7 g.	N. Y.	Oct., 1874
Davenport & St. Paul	157	3,140,000	7 g.	E.	Jan., 1874
Des Moines Valley:					
1st mort., Keokuk to Des M. (*i*)	162	2,310,000	8	N. Y.	Oct., 1871
1st mortgage on 85 m. and 466,000 acres, and 2d mortgage on 162 m.	85	4,690,000	8	N. Y.	Oct., 1871
Detroit, Eel River & Illinois:					
1st mortgage	83	1,826,000	8	N. Y.	Jan., 1874
Detroit, Hillsdale & Indiana:					
1st mortgage	65	1,170,000	8	N. Y.	June, 1873
2d mortgage	65	300,000	8	N. Y.	July, 1873
Detroit & Milwaukee:					
1st mortgage (*i*)	190	2,500,000	7	N. Y.	Nov., 1873
2d mortgage	—	1,000,000	8	N. Y.	Nov., 1873
2d series of funded coupon bonds	—	377,115	7	N. Y.	Nov., 1873
Oakland & Ottawa, sterling loan	—	150,866	6 g.	D.	Nov., 1873
Oakland & Ottawa, dollar loan	—	51,000	7	N. Y.	Nov., 1873
1st series of funded coupon bonds	—	628,525	7	—	Jan., 1874
Bonds of June 30, 1866	—	1,702,316	6 & 7	—	Jan., 1874
Dutchess & Columbia:					
1st mortgage	58	2,500,000	7	N. Y.	July, 1871
Florida Railroad:					
1st mortgage, gold, convert	154	2,300,000	7 g.	D.	July, 1873
Fort Wayne, Jackson & Saginaw:					
1st mortgage	100	1,500,000	8	N. Y.	Jan., 1874
2d mortgage	—	500,000	8	N. Y.	April, 1874
Fort Wayne, Muncie & Cincinnati:					
1st mortgage, gold	109	1,800,000	7 g.	B.	Oct., 1872
2d mortgage	—	500,000	8	B.	Oct., 1872
Frederick & Pennsylvania:					
1st mortgage	27	150,000	6 g.	Balt.	Oct., 1873
Gilman, Clinton & Springfield:					
1st mortgage, gold	110	2,000,000	7 g.	D.	M'rch, 1874
2d mortgage, gold	—	1,000,000	8 g.	—	Jan., 1874
Indiana & Illinois Central:					
1st mortgage	241	1,955,000	7 g.	D.	Jan., 1874
Indianapolis, Bloomington & Western:					
1st mortgage, gold	—	3,000,000	7 g.	N. Y.	Oct., 1874
2d mortgage	—	1,500,000	8	N. Y.	July, 1874
Extension 1st mortgage, gold	—	3,123,000	7 g.	N. Y.	July, 1874

Name and Description.	*Length in Miles.*	*Principal of Bonds outstanding.*	*Rate per cent.*	*Where Payable.*	*Date of First Default.*
International & Great Northern:					
Convertible mortgage	—	3,150,000	8	N. Y.	Aug., 1874
Jacksonville, Pensacola & Mobile:	250	4,000,000	8	N. Y.	July, 1873
Jersey City & Albany:					
1st mortgage, Rockland Centre	—	250,000	7	—	——
1st mortgage, Ridgefield Park	12	250,000	7	N. Y.	Nov., 1873
Kansas City, St. Joseph & Council Bluffs:					
St. Jo. & Coun. Bl., 1st mortgage	—	1,400,000	10	F.	Sept., 1873
" 1st mortgage, convertible	—	539,500	8	F.	Dec., 1873
K. C., St. Jo. & C. B., Con. mort.	—	887,000	8	N. Y.	Sept., 1873
" New consolidated mortgage	—	947,000	8	B.	Aug., 1873
Missouri Valley, 1st m., 7 per ct.	—	1,500,000	7	—	Aug., 1873
" 1st mortgage, gold	—	1,000,000	7 g.	—	Aug., 1873
Kansas Pacific:					
1st mortgage, land grant, 3,000,000 acres	245	6,455,000	7 g.	N. Y.	Nov., 1873
1st mortgage from 140 miles	—	4,063,000	6 g.	N. Y.	Dec., 1873
1st mort., coup. Leavenworth br.	—	600,000	7	N. Y.	Nov., 1873
Land bonds on 2,000,000 acres	—	1,751,750	7 g.	N. Y.	Jan., 1874
Other issues	—	8,261,000	6 & 7.	N. Y.	Feb., 1874
Kent County:					
1st mortgage	34	400,000	6	—	Jan., 1874
Lake Erie & Louisville:					
1st and 2d mortgages	50	890,000	7	N. Y.	1874
Lake Shore & Tuscarawas Valley:					
2d mortgage for $ 1,000,000	—	300,000	7	—	Jan., 1874
Lake Superior & Mississippi:					
1st mortgage, land grant	156	4,500,000	7 g.	G.	Jan., 1874
Leavenworth, Lawrence & Galveston:					
1st mortgage, land grant conv.	145	5,000,000	10	N. Y.	July, 1873
Kansas City & Santa Fe, 1st m. g.	—	720,000	10	B.	Nov., 1873
Southern Kansas, 1st mortgage	—	160,000	8	B.	——
Little Rock & Fort Smith:					
1st mortgage, gold	150	3,500,000	6 g.	B.	— 1872
Land grant sinking fund bonds	—	3,780,000	7	B.	— 1872
Little Rock, Pine Bluff & N. Orleans	70	750,000	7 g.	N. Y.	— 1872
Logansport, Crawfordsville & S. W.:					
1st mortgage, gold	92	1,500,000	8 g.	N. Y.	Nov., 1873
2d mortgage	—	500,000	8	N. Y.	Jan., 1874
Louisville, Cincinnati & Lexington:					
Various bonds	193	4,055,000	6, 7, 8.	N. Y.	Jan., 1874
Louisville, New Albany & St. Louis:					
1st mortgage	30	780,000	7 g.	N. Y.	— 1873
Louisville, Paducah & So. Western:					
1st mortgage	231	3,000,000	8	N. Y.	Sept., 1874
1st mortgage on br. to Louisville	—	900,000	7 g.	N. Y.	——
Macon & Brunswick:					
1st mort., State indors. bonds	197	2,550,000	7	N. Y.	— 1873
2d mortgage	—	1,100,000	7	N. Y.	Oct., 1871
Equipment bonds	—	150,000	7.	N. Y.	Oct., 1871
Maysville & Lexington:					
1st mortgage	50	500,000	7	N. Y.	July, 1873
Memphis & Little Rock:					
1st mortgage, land grant.....(*k*)	131	1,300,000	8	N. Y.	Nov., 1872
2d mortgage	—	1,000,000	—	N. Y.	——
Michigan Lake Shore:					
1st mortgage	56	880,000	8	N. Y.	Jan., 1873
Milwaukee, Lake Shore & Western:					
1st mortgage, gold	125	3,500,000	7 g.	N. Y.	Dec., 1873
Mississippi, Ouchita & Red River	35	500,000	7 g.	N. Y.	——

Name and Description.	*Length in Miles.*	*Principal of Bonds outstanding.*	*Rate per cent.*	*Where Payable.*	*Date of First Default.*
Missouri, Kansas & Texas:					
1st mortgage, on road and land ..	182	3,200,000	6 g.	N. Y.	Jan., 1874
1st mort., gold (Tebo & Neosho)	100	350,000	7 g.	N. Y.	Dec., 1873
Consolidated mortgage	269	13,504,400	7 g.	N. Y.	Feb., 1874
Missouri River, Fort Scott & Gulf:					
1st mortgage, land grant.........	161	5,000,000	10	N. Y.	Jan., 1874
2d mortgage.....................	—	1,947,000	10	B.	Oct., 1873
Mobile & Alabama Grand Trunk:					
1st mortgage, indorsed ......(*l*)	25	880,000	8 g.	N. Y.	July, 1872
Mobile & Montgomery:					
1st mortgage, gold, indors. by Ala.	186	2,500,000	8 g.	N. Y.	May, 1873
2d mortgage, not indorsed......	—	1,000,000	8	N. Y.	—
Montclair (of New Jersey):					
1st mortgage, gold, guaranteed..	—	1,800,000	7 g.	N. Y.	Sept, 1873
2d mortgage....................	—	780,000	7	N. Y.	July, 1873
Monticello & Port Jervis:					
1st mortgage	28	500,000	7 g.	N. Y.	April, 1873
Montgomery & Eufaula:					
1st mortgage, endorsed by Ala..	80	1,280,000	8 g.	N. Y.	Mar., 1872
2d mortgage, not endorsed......	—	530,000	8	N. Y.	Mar., 1871
New Haven, Middleton & Willimantic:					
1st mortgage	52	3,000,000	7	N. Y.	Nov., 1872
2d mortgage	—	880,000	7	N. Y.	Jan., 1872
New Jersey Midland:					
1st mortgage, gold, guaranteed..	74	3,000,000	7 g.	N. Y.	Jan., 1874
2d mortgage, currency..........	—	1,500,000	7	N. Y.	Jan., 1874
New Jersey Southern:					
1st mortgage	78	2,120,000	7	N. Y.	Nov., 1873
2d mortgage....................	—	1,000,000	7	N. Y.	Sept., 1873
Maryland & Delaware, 1st mort.	54	850,000	6	N. Y.	May, 1872
1st mortgage (Toms River br.)..	—	120,000	6	N. Y.	—
New Orleans, Mobile & Texas:					
1st mortgage, both divisions	227	11,250,000	8	N. Y.	Jan., 1873
New York, Boston & Montreal:					
1st mortgage, gold.............	350	6,250,000	6 g.	D.	Aug., 1874
New York, Kingston & Syracuse:					
1st mortgage	75	2,250,000	7 g.	N. Y.	Jan., 1874
New York & Oswego Midland:					
1st mortgage	334	8,000,000	7 g.	N. Y.	Jan., 1874
2d mortgage....................	—	4,000,000	7	N. Y.	Nov., 1873
3d mortgage, or equipment bonds	—	3,800,000	7	N. Y.	Oct., 1873
Western Extension	—	2,425,000	7	—	—
Northern Pacific:					
1st mortgage, land grant.........	550	30,000,000	7.30	G.	Jan., 1874
Oil Creek & Allegheny River:					
Consolidated mortgage	95	1,100,000	7	C.	May, 1874
Oregon & California...........(*v*)	200	10,950,000	7 g.	N. Y.	Oct., 1873
Peninsular (Mich.):					
1st mortgage, gold ....(*m*)	205	2,779,000	7 g.	N. Y.	May, 1872
Peoria & Rock Island:					
1st mortgage	90	1,500,000	7 g.	D.	Aug., 1874
Petersburg bonds	82	840,000	8	N. Y.	July, 1874
Philadelphia & Baltimore Central:					
1st mortgage, Pa....	36	800,000	7	C.	—
2d mortgage, Pa	36	400,000	7	C.	—
1st mortgage, Md.............	10	300,000	6	C.	—
Pittsburg, Washington & Baltimore:					
1st mortgage	149	4,000,000	7	Balt.	July, 1874
2d mortgage, Baltimore loan....	149	5,000,000	6	Balt.	July, 1873
1st mortgage, Turtle Creek Div.	10	400,000	6	—	July, 1874

Name and Description.	Length in Miles.	Principal of Bonds outstanding.	Rate per cent.	Where Payable.	Date of First Default.
Port Huron & Lake Michigan:					
1st mortgage.......... .....(m)	90	1,800,000	7	N.Y.	Nov., 1873
Port Royal:					
1st mortgage, not guaranteed....	112	1,500,000	7 g.	N.Y.	Nov., 1873
Poughkeepsie & Eastern:					
1st mortgage	42	800,000	7	—	Jan., 1874
2d mortgage....................	42	500,000	7	—	Aug., 1873
Rockford, Rock Island & St. Louis:					
1st mortgage, gold..............	281	9,000,000	7 g.	D.	Aug., 1871
St. Joseph & Denver City:					
1st mortgage, gold, Eastern Div.	112	1,500,000	8 g.	E.	Feb., 1873
1st mort., West. Div., land grant	117	5,500,000	8 g.	E.	Feb., 1873
St Louis, Lawrence & Denver:					
1st mortgage, gold	—	1,020,000	6 g.	N.Y.	April, 1873
St. Louis & St. Joseph:					
1st mortgage, gold...........(n)	76	1,000,000	6 g.	N.Y.	May, 1873
St. Louis & South-Eastern:					
1st mortgage, gold, convertible (o)	210	3,250,000	7 g.	N.Y.	Nov., 1873
Evan., Hend. & Nash. 1st mort..	98	1,000,000	7	N.Y.	Jan., 1874
Consolidated mortgage, gold	—	2,000,000	7 g.	N.Y.	Feb., 1874
St. Paul & Pacific:					
1st mortgage, west or main line..	150	3,000,000	7 g.	H.	May, 1873
2d mort., west or main, land grant.	207	6,000,000	7 g.	H.	Nov., 1873
2d mortgage and land grant.....	80	3,000,000	7	N.Y.	Dec., 1873
Branch, 1st mortgage...........	—	120,000	8	—	Sept., 1873
2d mort. on 80 m. & 1st 307,200 A.	—	1,000,000	7	—	June, 1873
1st mortgage, St. Paul & Pacific.	370	15,000,000	7 g.	—	——
Savannah & Memphis:					
1st mortgage (indors. by Ala.) (p)	—	1,950,000	8 g.	N.Y.	May, 1874
Savannah & Charleston:					
Various issues..............(w)	101	1,100,000	6 & 7.	N.Y.	Mar. 1874
Selma & Gulf:					
1st mortgage, guaranteed by Ala.	40	640,000	8	N.Y.	April, 1872
Selma, Marion & Memphis:					
1st mortgage, indorsed by Alabama	50	765,000	8	N.Y.	Mar., 1873
Selma, Rome & Dalton:					
1st mortgage	100	4,000,000	7	N.Y.	— 1871
2d mort. (Alabama & Tenn. River)	—	241,000	8	N.Y.	— 1871
General mortgage..............	—	5,000,000	7	N.Y.	Oct., 1871
Equipment bonds	—	230,000	10	—	— 1871
Sheboygan & Fond du Lac:					
1st mortgage ....(q)	45	750,000	7	N.Y.	June, 1873
1st mortgage, extension	—	694,000	8	N.Y.	April, 1873
Southern Minnesota:					
1st mortgage } land grant, ...	170	3,332,000	8	N.Y.	April, 1872
2d mortgage } 1,792,000 acres...	—	1,252,000	7	N.Y.	July, 1872
South Side of Long Island:					
2d and extension mortgages ..(s)	57	2,500,000	7	N.Y.	Oct., 1873
Springfield & Illinois South-Eastern:					
1st mortgage, gold...........(t)	228	3,400,000	7 g.	N.Y.	Aug., 1873
2d mortgage, gold..............	228	1,000,000	7 g.	N.Y.	Aug., 1873
Stockton & Copperopolis:					
1st mortgage, gold	30	1,000,000	8	I.	July, 1874
Sullivan & Erie:					
1st mortgage, convertible.....(r)	29	1,000,000	7	N.Y.	May, 1873
Syracuse Northern:					
1st and 2d mortgages...........	45	1,100,000	7	—	Jan., 1874
Sunbury & Lewiston	45	1,200,000	7	(b)	Oct., 1872
Toledo, Detroit & Canada Southern:					
1st mortgage...................	65	1,500,000	7	N.Y.	Jan., 1874

Name and Description.	Length in Miles.	Principal of Bonds outstanding.	Rate per cent.	Where Payable.	Date of First Default.
Toledo, Peoria & Warsaw:					
Various issues	230	9,150,000	7	N. Y.	Dec., 1873
Union Pacific Central Branch:					
1st mortgage, gold	100	1,600,000	6 g.	N. Y.	Nov., 1873
Vermont Central:					
1st mortgage	—	3,000,000	7	B.	Nov., 1872
2d mortgage	—	1,500,000	7	B.	June, 1868
Walkill Valley:					
1st mortgage	33	700,000	7	—	April, 1874
Western Alabama:					
Bonds not guaranteed	168	1,350,000	8	N. Y.	April, 1873
Wilmington & Reading:					
2d mortgage	64	1,750,000	7	C.	Jan., 1874
Wilmington & Western Delaware	20	500,000	7	N. Y.	Oct., 1873

(*a.*) Atchison, Topeka & Santa Fe.—A proposal has been made to the bond-holders, and generally accepted, to fund the coupons due into bonds.

(*b.*) Atlantic, Miss. & Ohio.—The interest on the coupons due January, 1874, was funded. That of July, 1874, was promptly paid, and the Company entertains no doubt of its ability to pay all future demands of this character at maturity.

(*c.*) Atlantic & Pacific.—The coupons on the 1st mortgage land grant, the 2d mortgage, and the interest scrip, are funded into Income bonds. The first-named for two years, the second for three years, and the third for five years.

(*d.*) Boston, Hartford & Erie.—This road was re-organized under the title of New York & New England R. R. Co. The property of the B. H. & E. R. R. having been sold under foreclosure, the Berdell mortgage, so called, is convertible into stock of the N. Y. & N. E. R. R. Co. The $5,000,000 guaranteed by "Erie" was stock purchased by that Company, and the interest is by them guaranteed.

(*e.*) Burlington, Cedar Rapids & Minn.—About $4,000,000 of the first mortgage, gold, sinking fund bonds are funded.

(*f.*) Cairo & St Louis.—Ninety miles of this railroad are completed and in operation. The holders of a majority of the first mortgage bonds are granting the requisite forbearance to the Company prior to agreeing to such plan as may be necessary to re-establish the finances of the Company upon a sound basis. The completion of the road is being proceeded with, and the cost thereof will be defrayed, partly out of earnings, but mainly out of Local Aid bonds, a large amount of which are due to the Company from cities and counties. The Company has recently received $75,000 of such bonds, and expects to receive a considerable further sum shortly.

(*g.*) Cayuga Lake.—This road was sold August 27, 1874, under foreclosure, to the representatives of the second bond-holders.

(*h.*) Chesapeake & Ohio.—A proposal made some time ago to fund the past-due coupons of this Company has been generally accepted. The agents, Messrs. Fisk & Hatch, anticipate being able to settle up the Company's affairs satisfactorily in a short time.

(*i.*) Des Moines Valley.—This road was sold under foreclosure October 17th, 1873. The road was sold in two separate parcels, and in the re-organization two companies were formed, under the titles respectively of Des Moines & Fort Dodge R. R. Co., and Keokuk and Des Moines Railway Co. We have received statements from each of these companies in which they claim to be in quite a satisfactory condition.

(*j.*) Detroit & Milwaukee.—Interest on bonds of June 30th, 1866, payable only if earned.

(*k.*) Memphis & Little Rock R. R. Co.—This road was sold under its 2d mortgage on the 17th March, 1873. The purchasers of the road organized the present Memphis & Little Rock Railway Co. This Company has issued, to October 21st, 1874, 1st mortgage bonds $2,347,750. Interest, 8 per cent., payable in New York, January and July. These bonds are issued to retire the old 1st mortgage bonds with the accrued interest thereon, and for paying the floating debt of the Company. The Company has also issued $403,000, 2d mortgage bonds—interest, 6 per cent., payable after October 1st, 1875—to retire the old second mortgage bonds.

The Company has also issued $500,000 of the 3d Income mortgage bonds, interest previous to October 1st, 1880, at 7 per cent., provided the net earnings of the road yield a sufficient revenue for that purpose, and after October 1st, 1880, to bear 7 per cent. absolutely.

(*l.*) Mobile & Alabama Grand Trunk.—A satisfactory arrangement has been made by which all interest on the bonds of this Company has been funded to July 1st, 1875.

(*m.*) Peninsular (Mich.) and Port Huron & Lake Michigan.—These two companies consolidated under the title Chicago and Lake Huron Railroad Co., August, 1873. An arrangement has been made to fund the coupons until May, 1878.

(*n.*) St. Louis & St. Joseph.—This road was sold under foreclosure of its 1st mortgage bonds, February 18th, 1874. A new organization under the title St. Joseph & St. Louis R. R. Co. was formed. It is proposed to issue ten shares of stock for each $1,000 bond of the St. Louis & St. Joseph R. R. Co. to all owners of the latter who join in the purchase.

(*o.*) St. Louis & South-Eastern.—The Treasurer reports that the November, 1873, and January, 1874 interest has nearly all been paid, but the May and July interest has not been paid. The Company is preparing a funding proposition to submit to bond-holders.

(*p.*) Savannah & Memphis.—The coupons of May, 1874, have been funded in 7 per cent. bonds. A proposition has been made by the Company to fund coupons up to January, 1876, and this proposition will probably be accepted.

(*q.*) Sheboygan & Fond du Lac.—A proposition has been made by this Company to fund all past-due coupons and the coupons falling due in 1874, '5, and '6, and it is believed that a majority of the bond-holders will accept this proposition.

(*r.*) Sullivan & Erie.—The real estate of this Company in Pennsylvania was sold by order of referee, October 14th, 1874, to John Bullitt, for bond-holders, at $ 25,000.

(*s.*) South Side of Long Island.—This road was sold September 16th, 1874, under foreclosure of the third mortgage of $ 1,000,000, sale subject to the 1st mortgage of $ 750,000, the second mortgage of $ 1,500,000, a mortgage of $ 60,000 on the Rockaway branch, and a mortgage of $ 43,000 on the real estate at Bushwick, and about $ 200,000 back interest. Under the terms of sale 20 per cent. of the purchase money was to be paid at once, the balance October 15. The equipment was included in the sale, but there are certain liens on two locomotives and ten flat cars. There has been a re-organization of this road under the title Southern Railroad of Long Island.

(*t.*) Springfield & Illinois South-Eastern.—This road was sold September 15th, 1874, under foreclosure. The sale was made without redemption.

(*u.*) Savannah & Charleston.—This road is in the hands of a receiver.

(*v.*) Oregon & California.—A proposal has been made by this Company to pay the interest due October 1st, 1873, and April 1st, 1874, in scrip certificates on surrender of coupons to the Deutsche Vereins Bank, at Frankfort-on-the-Main; the interest falling due thereafter will be paid in coin and scrip. This scrip is payable out of the earnings of the road in excess of 7 per cent. per annum on 1st mortgage bonds.

LIABILITY OF BANK ON CASHIER'S INDORSEMENT.

U. S. CIRCUIT COURT, DISTRICT OF MASSACHUSETTS.—SEPTEMBER, 1874.

Matthews v. *Massachusetts National Bank.—Indorsement for Transfer.*

The defendant loaned money to C., taking in good faith, as security therefor, what purported to be a certificate of two hundred shares of the stock of a railroad company issued by the company to the bank, but which was a forgery by C. C. paying the loan, the cashier of defendant, for the purpose and with the intent of restoring the certificate to C., returned it to him with his signature in blank as cashier to the printed form of transfer on the back. Subsequently C. obtained a loan from plaintiff, giving the said certificate as collateral. The forgery having been discovered, plaintiff brought action against defendant for the damages sustained by him. *Held*, that the signature of the cashier bound the bank, and that the bank, by that signature, so far warranted the genuineness of the certificate as to be estopped from setting up the forgery as a defense.

SHEPLEY, J.—The defendant, the Massachusetts National Bank, loaned to one James A. Coe $ 22,000, payable on call with interest, taking from him his memorandum of indebtedness for that sum, with, as collateral security therefor, what purported to be a certificate of two hundred shares of the capital stock of the Boston and Albany Railroad Company issued to said Massachusetts National Bank, as collateral.

This instrument was originally a genuine certificate for two shares of the capital stock of the Boston and Albany Railroad Company issued to H. E. Coe, but by false and forged erasures and interlineations had been so altered as to purport to be a certificate for two hundred shares of its stock issued by said railroad corporation to the Massachusetts National Bank, as collateral.

The bank received the said certificate in good faith and without any suspicion of its fraudulent character, and in supposed fulfillment of the promise of James A. Coe to give, as security for the loan aforesaid, two hundred shares of the capital stock of said railroad corporation.

Subsequently, upon payment by said Coe to the bank, he received back his memorandum of indebtedness, and the cashier of the bank, for the purpose and with the intention of restoring the collateral to Coe, returned to him the

fraudulent certificate, with the usual printed form of transfer on the back thereof, signed by H. K. Frothingham, cashier of said bank, in blank.

About two weeks after the surrender by the bank of this certificate to Coe, with the transfer in blank of the cashier on the back of it, the plaintiff, Matthews, pursuant to his agreement to loan Coe $25,000 on call with interest, received from Coe, in good faith, the said fraudulent certificate with the blank assignment on the back thereof, supposing the same to be a genuine certificate for two hundred shares of said stock issued by the corporation and duly transferred and assigned so as to enable him to obtain a new certificate therefor in his own name, and on receipt thereof loaned the sum of $25,000. The signature of the cashier was well known to Matthews, who correctly supposed the signature on the blank assignment to be genuine. Coe was tried and convicted for obtaining money by false pretenses, and indictments for forgery are now pending against him, and he has been declared bankrupt. The next day, or very soon after the day when the money was loaned by Matthews, the fact first became known to plaintiff and defendant of the fraudulent alteration of the certificate before it came into possession of defendant, and plaintiff thereupon notified the bank that he should hold it responsible for any loss snstained by him by reason of the premises. This action is brought for the recovery of the damages thus sustained.

The real question presented in the case is, whether the bank by signing the blank transfer has so far warranted the genuineness of the certificate that it is estopped from setting up the forgery as a defense to this action.

Defendant denies that the cashier had authority or right to bind the bank by the contract declared on.

Cashiers of a bank are held out to the public as having authority to act according to the general usage, practice, and course of business conducted by the bank. Their acts, within the scope of such usage, practice, and course of business, will, in general, bind the bank in favor of third persons possessing no other knowledge. Morse, Jr., et al., *v.* Mass. National Bank, U. S. C. Ct., Mass. Dist.; Minor *v.* the Mechanics' Bank, (1 *Pet.*, 70); Merchants' Bank *v.* State Bank, (10 *Wall.*, 604). One of the ordinary and well-known duties of the cashier of a bank is the surrender of notes and securities upon payment, and his signature to the necessary transfers of securities or collaterals when in the form of bills of exchange, choses in action, stock certificates, or similar securities for loans, which are personal property, is an act within the scope of the general usage, practice, and course of business in which cashiers of a bank are held out to the public as having authority to act. Undoubtedly the ordinary duties of a cashier do not comprehend the making of a contract which involves the payment of money, without an express authority from the directors, unless it be such as relates to the usual and customary transactions of the bank. But the transfer of certificates of stock held as collateral is certainly one of the usual and customary transactions of banks, and the public would be no more likely to require evidence of a special anthority to the cashier to make such transfer, than of a special authority to draw checks on other banks, or to perform any other of the daily duties of his office.

The signature of the cashier must therefore be considered as the signature of the bank, and the question returns, whether such blank assignment on the back of the certificate by the bank be so far a warranty of the genuineness of the certificate that the bank is estopped from setting up the forgery as a defense. In the case of forged negotiable instruments it is well settled that the indorser warrants that the instrument itself and the antecedent signatures thereon are genuine. (*Story on Promissory Notes*, sec. 135); State Bank *v.* Fearing, (16 *Pick.*, 533); Horstman *v.* Henshaw, (11 *How.*, 184); Cricklow *v.* Parry, (2 *Campb.*, 182); Canal Bank *v.* Bank of Albany, (1 *Hill*, 287). The indorser's liability in these cases is properly placed upon the ground of estoppel. "This proceeds," says Judge Story, "upon the intelligible ground that every indorser undertakes that he possesses a clear title to the note deduced from and through all the antecedent indorsers, and that he means to clothe the holder under him with all the rights which by law attach to a regular and genuine indorsement against himself and all the antecedent indorsers. It is in

this confidence that the holder takes the note without further explanation, and if each party is equally innocent and one must suffer, it should be the one who has misled the confidence of the other, and by his acts held out to the holder that all the indorsements are genuine and may be relied on as an indemnity in case of the dishonor thereof." This is a statement of the grounds upon which the rule of law rests as applicable to negotiable instruments, but the reasoning would seem to apply with equal force and pertinency to the case of a transfer of a certificate of stock by indorsement in blank. Stock certificates are sold in open market like other securities, and form the basis of commercial transactions. In the language of Mr. Justice Davis, in Bank *v.* Lanier, (11 *Wall.*, 377), "Although neither in form nor character negotiable paper, they approximate to it as nearly as practicable." In Leitch *v.* Wells, (48 *N. Y.*, 613), it is said: "Since the decision of the case, McNeil *v.* Tenth National Bank, certificates of stock, with blank assignments and powers of attorney attached, must be nearly as negotiable as commercial paper." The common practice of passing the title to stock by delivery of the certificate, with the blank assignment and power, has been repeatedly proved and sanctioned in cases which have come before the courts in New York. In New York and New Haven Railroad Co. *v.* Schuyler, (34 *N. Y.*, 41), the rights of parties claiming under such instruments were fully recognized by the Court, and such mode of transfer was shown to be the common practice in the city of New York. It is well settled that the form of assignment printed on the back of stock certificates, when signed in blank, may be filled up by a subsequent purchase of the stock. Kortright *v.* the Commercial Bank of Buffalo, (20 *Wend.*, 91 *and* 22 *id.* 348); Bridgeport Bank *v.* N. Y. and N. H. R. R. Co., (30 *Conn.*, 273).

The certificate in this case, as it came from the bank, contained on the same piece of paper, and on the back of the certificate, a blank assignment, which was all that was necessary to transfer the title of the stock as between the parties. The defendant must, therefore, be held to have intended and agreed that whoever should present the certificate so issued from the bank, with the assignment executed in blank, should be entitled to fill up the blanks with his own name, and to have a transfer of the stock made to himself on the books of the company. The certificate, accompanied with the transfer, executed in blank, has a species of negotiability of a peculiar character, but one well recognized in commercial transactions and judicial decisions, and absolutely essential in the usage and necessities of modern commerce to make such certificates available in commercial transactions. Even when such blank assignments, or powers of attorney to transfer stock, are under seal, the blanks may be filled up according to the agreement of the parties at the time. Bridgeport Bank *v.* N. Y. and N. H. R. R. Co., (30 *Conn.*, 274-5); (*Redfield on Railways*, section 35, and cases cited). The decisions to the contrary in the English courts have not been followed in this country, and they were influenced not merely by a rigid adherence to the technical rules of the common law in relati n to instruments under seal, but by the policy of the stamp system. But the case of Walker *v.* Bartlett, (36 *Eng. L. and Eq.*, 368), and later English decisions, recognize the validity of blank transfers of stock, and that such transfers of stock impose upon the holder of them the obligation to pay calls upon the shares while they remain his property. In Kortright *v.* the Buffalo Commercial Bank, (20 *Wend.*, 93), speaking of the filling up of a blank transfer of stock and power of attorney, Nelson, C. J., after stating that this is in strict conformity with the universal usage of dealers in the negotiation and transfer of stocks according to the proof in the case, goes on to say: "Even without the aid of this usage, there could be no great difficulty in upholding the assignment. The execution in blank must have been for the express purpose of enabling the holder, whoever he might be, to fill it up. If intended to have been filled up in the name of the first transferee, there would have been no necessity for its execution in blank—Barker might have completed the instrument."

The right to fill the blank in a blank transfer of stock is recognized by the Supreme Court of Massachusetts in Sewall *v.* the Boston Water Power Co., (4 *Allen*, 277).

Matthews clearly had the right, having advanced the sum of $25,000 upon the supposed security of this blank assignment of stock, to fill up the blank with his own name and with the place of his residence, and whatever was necessary to make the instrument complete as an assignment and transfer to him of the shares described in the certificate. The case finds that the cashier signed the assignment in blank for the purpose and with the intention of restoring the pledge to Coe. But even if he went further, and agreed with Coe that Coe should fill the blank with his own name, such private understanding between him and Coe would not have affected the rights of third parties who parted with their property in good faith, without negligence upon the faith of the certificate of the cashier that the bank undertook to assign, and did assign, to whoever might be the lawful holder of the instrument, the amount of stock described therein.

As above quoted from C. J. Nelson, "If intended to have been filled up in the name of the first transferee, there would have been no necessity for its execution in blank"—Frothingham "might have completed the instrument." What possible explanation can be given of the course of the cashier in giving to Coe an assignment in blank rather than a transfer to Coe himself, other than to enable Coe to dispose of the certificate so that the holder could take his title directly from the bank, and that the instrument might be used according to the well-known usage of dealing with stock certificates, passing from one purchaser to another without the inconveniences and delays consequent upon manifold transfers on the records of the corporation? If the bank intended to limit the assignment to a particular assignee, or to a less number of shares than the number described in the certificate, the limitation should have appeared in the assignment. The assignment in blank purports to assign what is described in the certificate to the lawful holder, whoever he may be, who may fill the blank. The signature is given for the purpose of transferring title, and whenever the blank is filled a contract of sale is established between the party who has signed the blank assignment and the person whose name is rightfully filled in as assignee.

It is contended in behalf of the bank that the transfer in blank created no liability or obligation on the part of the bank to Mathews because the circumstances under which the certificate was received by the bank and surrendered to Coe indicate clearly that the act of the cashier in signing and transferring the certificate to Coe was performed with the intention of restoring the pledge to Coe, in discharge of the duty of the bank as pledgee, after the purposes of the pledge were answered, and not with any purpose of a sale of the certificate or the stock supposed to be represented by it. But there is nothing in the case to show any knowledge on the part of Matthews of any such intention on the part of the cashier. The certificate purports to be a certificate that the bank held the shares as collateral, but does not show that they were collateral for a debt of Coe's to the bank. Such a certificate of stock with the transfer in blank of a responsible bank might, in the ordinary course and usage of dealing in stocks, pass through the hands of many successive purchasers. The possession of the certificate would afford no indication that the holder of it was the person who had originally transferred it to the bank as collateral. If Coe had consented to a sale by the bank of the collateral to pay his debt, or if the bank had in any way acquired the right to sell it and had sold it, if the assignment had been in blank, the purchaser would have been in the same condition, and Matthews, in dealing with such a purchaser, would have received no better evidence of title against the bank than he received from Coe. Had the bank desired to sell this stock and placed it in the hands of a broker with a blank transfer in the usual course of business. Matthews in buying from the broker would have received no better evidence of title against the bank than in the present case. The mere words "as collateral" in the instrument do not tend to put the purchaser on inquiry, except so far as relates to the authority of the bank to dispose of the collateral as between the bank and its debtor. If this inquiry had been made, it would only have resulted in the information that the assignment was made in its actual form by the joint act and consent of the debtor and the bank. The name of the pledger

was not stated in the certificate, as is required by the statute of Massachusetts. (*Gen. Statutes of Massachusetts*, chap. 68, sec. 13). In fact, if Matthews had gone to the bank to make inquiries he could only have learned that Coe having paid his debt to the bank the certificate had been surrendered to him by the bank with a transfer in blank. There would have been nothing in this information to lead him to doubt the genuineness of a certificate to which the bank had given currency by its signature, and on the faith of which he would have learned the bank had loaned $20,000 which had been paid. The bank or the cashier did not then doubt the genuineness of the instrument, and no inquiry at the bank would have inspired doubts in the mind of Matthews, there being no such doubts in the minds of the officers of the bank. Nor is it perceived how the bank can contend with any show of reason that Matthews was negligent in not inquiring at the office of the railway corporation. If the duty of making such an inquiry was incumbent on any one, it was surely incumbent on the bank to ascertain the genuineness of the instrument before they gave currency to it, and lulled suspicion and doubt by the responsibility of their own signature. The answer to all the positions taken by the defendant as to notice to Matthews from the words "as collateral" in the instrument, is that there is nothing to connect Coe with those words. There is nothing on the face of the papers, and there was nothing in the fact of the possession of the instrument by Coe, to show that he was the person for whose debt the stock was held as collateral.

Had not Matthews a right to suppose, upon receiving this certificate authenticated by the signature of the bank, that they had obtained the certificate themselves from the railroad company in the usual way, thus preventing the possibility of fraud or forgery before receiving as collateral for a loan and before authenticating it with their signature? It is difficult to see in what respect Matthews was negligent.

The defendant, on the other hand, negligently placed confidence in Coe to obtain a transfer from the railroad company of the two hundred shares on which they loaned the sum of $22,000, instead of taking their certificate directly from the company. But the negligent act which especially imposes upon them a liability in this case, is that they delivered the forged instrument to Coe, authenticated by their signature in blank to a transfer, thus giving to it a currency and negotiability which it would not have possessed had they made the transfer directly to Coe. Thus the bank put it in the power of Coe to commit the fraud on Matthews on which this suit is founded.

In McNeil *v.* the Tenth National Bank, the language of the opinion is precisely applicable to a case like the present. "Such, then, being the nature and effect of the documents with which the plaintiff intrusted his brokers, what position does he occupy towards persons who, in reliance upon those documents, have, in good faith, advanced money to the brokers or their assigns on a pledge of the shares? When he asserts his title, and claims as against them that he cannot be deprived of his property without his consent, cannot he be truly answered, that by leaving the certificate in the hands of his brokers, accompanied by an instrument bearing his own signature which purported to be executed for a consideration, and to convey the title away from him, and to empower the bearer of it irrevocably to dispose of the stock, he in fact 'substituted his trust in the honesty of his brokers for the control which the law gave him over his own property,' and that the consequences of a betrayal of that trust should fall upon him who reposed it, rather than upon innocent strangers from whom the brokers were thereby enabled to obtain their money?" If the bank only intended to revest in Coe whatever it acquired from him, it would have been perfectly easy to have limited the transfer to that extent only. A private understanding that such was the intention between Coe and the cashier could not affect the right of those who, if misled, were misled by the acts of the bank. If the bank, by giving Coe the transfer in blank with their signature, exhibited him to the money-dealing public as having the competent right of pledge and disposal, with all the usual evidences of such right, it substituted their trust in the honesty of Coe for the control which the bank should have exercised itself over the transfer of

the instrument, and should suffer the loss consequent upon his betrayal of the trust, rather than to suffer it to fall upon an innocent stranger.

If the conditions upon which the apparent right of control which the bank conferred upon Coe were not expressed on the face of the instrument, but remained in confidence between the bank and Coe, the case is not distinguishable in principle from that of an agent who receives secret instructions qualifying or restricting an apparently absolute power. Jarvis *v.* Rogers, (15 *Mass.*, 389); Pickering *v.* Burk, (15 *East*, 38); Fatman *v.* Loback, (1 *Duer*, 354); N. Y. and N. H. R. R. Co. *v.* Schuyler, (34 *N. Y.*, 41).

One of two innocent parties must suffer in this case by the fraud of Coe. Under similar circumstances, courts have repeatedly held that the party must suffer who has exhibited the greater degree of negligence. The leading case on the indorsement of bills of lading, Lickbarrow *v.* Mason, (2 *Term. Rep.*, 63), is an authority on this point. (See also, Lobdell *v.* Baker, (3 *Met.*. 469); Polhill *v.* Waller, (3 *Barn. and Adol.*, 114).

The bank is precluded from setting up the fact of the forgery of the instrument, because it would be a wrong on its own part and an injury to others, whose conduct has been influenced by the acts and omissions of the bank. Swayne, Justice, in Merchants' Bank *v.* State Bank, (10 *Wall.*, 645), says: "Estoppel *in pais* presupposes an error or a fault, and implies an act in itself invalid. The rule proceeds upon the consideration that the author of the misfortune shall not himself escape the consequences and cast the burden upon another." Mr. Justice Clifford recognizes this principle in his dissenting opinion in that case: "If a bank may be held liable in any case upon a certificate of their cashier that a check is good when they have no funds of the drawer, it is not because the cashier is authorized to make such certificate, but because the bank is bound by his representation, notwithstanding it is false and unauthorized." An estoppel is a salutary rule which prevents a man from proving that to be false which he has once represented to be true, when others have acted on the faith of his representation.

The fact that Matthews has also a right of action against Coe, who is a convict and a bankrupt, does not preclude him from a remedy against the bank. (Gurney *v.* Wormsley, 4 *L. and Bl.*, 133.)

Upon the facts as agreed in this case, the plaintiff is entitled to judgment, and, according to the agreement of parties, the case is to be referred to an auditor to assess the damages.

THE TAXATION OF BANKERS.—In the Circuit Court of the United States for the New Haven (Conn.) District, a question recently arose as to the 79th section of the Internal Revenue act, which is as follows:

"Every person, firm, or company, and every incorporated or other bank, having a place of business where credits are opened by the deposit or collection of money or currency, subject to be paid or remitted upon draft, check, or order, or where money is advanced or loaned on stocks, bonds, bullion, bills of exchange, or promissory notes are reserved for discount or sale, shall be regarded as a banker under this act."

Under this act, the Equitable Trust Company of New London was assessed as a banker, some thirteen hundred dollars. This it paid under protest to the collector of Internal Revenue and then brought suit to recover the amount. The Trust Company receives no deposits. Its business is strictly confined to making loans of its own capital ($1,000,000) upon real estate security, and selling the securities, guaranteeing the same. Its counsel contended, therefore, that the act did not apply to it; that a business was contemplated where money is loaned on collaterals, or where stocks, etc., are received from others for sale on commission or brokerage. Judge Shipman sustained this claim, and rendered judgment for the Trust Company to recover back the amount paid. The collector, acting for the United States, carried the case by writ of error to the Supreme Court at Washington.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements (cents omitted).

Debt Bearing Interest in Coin.

	Oct. 1, 1874.		*Nov.* 1, 1874.
Bonds at six per cent	$ 1,207,204,600	..	$ 1,182,183,250
Bonds at five per cent	517,025,200	..	538,525,200
	$ 1,724,229,800	..	$ 1,720,708,450

Debt Bearing Interest in Lawful Money.

Certificates indebtedness at 4 per cent	$ 678,000	..	$ 678,000
Navy pension fund at 3 per cent	14,000,000	..	14,000,000
	$ 14,678,000	..	$ 14,678,000
Debt on which interest has ceased	6,457,710	..	20,748,960

Debt Bearing no Interest.

Old demand and legal-tender notes	$ 382,075,407	..	$ 382,075,267
Certificates of deposit	56,350,000	..	52,525,000
Fractional currency	46,731,018	..	48,151,024
Coin certificates	26,415,600	..	22,070,400
	$ 511,572,026		$ 504,821,692
Total debt	$ 2,256,937,536	..	$ 2,260,957,102
Interest	32,681,177	..	37,115,670
Total debt, principal and interest	$ 2,289,618,714	..	$ 2,298,072,773

Cash in the Treasury.

Coin	$ 77,409,677	..	$ 90,089,241
Currency	16,115,840	..	16,396,770
Special deposit held for redemption of certificates of deposit, as provided by law	56,350,000	..	52,525,000
	$ 149,875,518	..	$ 159,011,011
Debt, less cash in the Treasury, Oct. 1, '74	$ 2,139,743,196	..	
Debt, less cash " " Nov. 1, '74		..	$ 2,139,061,761
Decrease of debt during the past month	$ 435,417	..	$ 681,434
Decrease of debt since June 30, 1874	3,345,044	..	4,026,499

Bonds Issued to the Pacific Railway Companies, Interest Payable in Lawful Money.

Principal outstanding	......	..	$ 64,623,512
Interest accrued and not yet paid	1,292,470	..	
Interest paid by the United States	24,325,396	..	
Interest repaid by transportation of mails, &c.	5,497,253	..	
Balance of interest paid by the U. S.	......	..	$ 18,828,143

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE—1874.

Compiled by THOMAS DENNY & Co., Stock and Bond Brokers, 39 Wall Street.

(For previous quotations see Banker's Magazine for June, page 901.)

STOCKS.	MAY.		JUNE.		JULY.		AUGUST.		SEPTEMBER.		OCTOBER.	
	Lowest.	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*	*Lowest.*	*Highest.*
U. S. Six per cts. of 1881, Coupon Bds.	120½	122	121⅛	122	116	118¾	118¼	118⅝	117¾	118⅝	118	118¾
" Five-Twenty of 1862, "	115	115⅝	113⅜	115½	112½	113⅝	111	112½	112⅛	112⅝	112¾	113⅞
" " 1864, "	116½	117¼	116¼	117½	115⅝	116½	114	116	114	115⅞	115⅜	116⅜
" " 1865, "	117⅞	118⅜	117¼	118¼	116¾	117¾	114¼	117¼	115⅞	116⅞	115¾	117⅞
" " 1865, New, "	119	120¼	119½	120⅞	115½	117	115⅜	116⅝	115¼	116¾	115	116⅝
" " 1867	119½	120⅞	119½	121⅜	115¾	117⅞	116¾	117⅞	116¼	117¾	117	117⅞
" " 1868	119½	120½	119¾	121¼	116	118¼	117½	118⅝	116¼	117⅞	117¼	117⅞
" Ten-Forty Coupon Bonds	114¾	115⅜	113⅛	114½	112¼	114	113½	114½	111¼	111⅞	111½	112⅜
" Five per cents. of 1881, Coupon	115	115½	113	115⅜	112¼	113½	112	112⅝	111⅞	112¾	112¼	112¾
" Six per cents. Currency	116½	117¼	114⅝	115¾	115¾	117¾	117½	117¾	117¼	117¾	117½	118⅛
Canton Company, Baltimore	55	69	55	55	..	..	..	..	59	59	56	58
Delaware and Hudson Canal Co	116	117	116¾	119	114	119½	113	114¾	114⅜	115	115	116½
Consolidated Coal Co. of Maryland	39	43	40	43	41½	44	43	47	46½	47½	45	47½
Quicksilver Mining Co	23	26¾	25	25	23	24	25	30¾	30⅜	34¾	29	34½
" " Preferred	30	35¼	29	29	..	..	30	34	33⅞	40¼	34	39½
Mariposa Land & Mining Company	3	5	3	4¾	..	..	2½	2½	..	..	3	6½
Western Union Telegraph Co	69	75⅛	69	76	70	75½	73⅜	77¾	76¾	80½	78⅛	81⅝
Pacific Mail Steamship Company	40⅝	45⅞	39½	45⅞	42	45	44¾	48¼	47¼	51½	44½	51¼
Adams Express Company	98	109½	104⅞	108¼	106½	108½	106	109½	106½	108	108	116
Wells, Fargo & Co. Express Co	75	77	76¾	80¾	73	80½	74½	77	77½	79	79	80
American Express Company	61	63¼	60	64¼	60	61½	60½	61	60½	62½	60½	62¾
United States Express Company	66¾	68	67	71	67	71	67	68½	60	67½	64	67
N. Y. Central & Hudson River R. R.	95⅞	98⅞	96⅛	101	97¾	100⅜	99⅞	103⅛	100	104⅞	100½	102¾

Erie Railway	34	36¾	26⅛	34⅜	30	33¼	31½	34⅛	33⅛	38⅜	27	36
" Preferred	57	61	55	55	47¼	47¼	47½	48½	50	55	..	..
Harlem Railroad	126	129	125¾	129½	123½	126	123¾	126¼	125	131	127½	130
N. Y., New Haven & Hartford R. R	131½	133	127¾	133	128	129½	129¼	130¼	129½	133⅛	133	134½
Michigan Central Railroad Co	75	77⅝	72	77½	69¾	75	68½	75	73	78½	72½	77
Lake Shore & Mich. Southern R. R.	73¾	77½	67⅞	77⅞	70½	76⅞	71⅞	74⅞	73	81¾	78⅛	83⅝
Panama Railroad Company	103½	108½	106½	111½	106	112	111⅜	112⅜	110½	116	110¼	115
Union Pacific Railroad Company	25¾	34⅞	23	29⅛	25	28⅝	27⅞	30	28¼	37¾	33½	37¼
Illinois Central Railroad Company	98	101½	94	99½	96½	99	93½	96½	90	92½	90	92¾
Cleveland & Pittsburgh R. R. Co.	87⅛	89	87	87⅞	87¼	88¾	86⅜	89½	87¼	87¾	87	87¾
" Col., Cin. & Ind. R. R	64	67	65	78	71	75	62	66	64	70½	67	68
Chicago, Rock Island & Pacific R. R.	94½	99¾	92½	102⅞	95½	101⅛	98½	103⅛	99	104⅜	96⅜	104¼
Pittsb'gh, Fort Wayne & Chicago R. R.	93¾	94¼	93¾	95⅛	92	94	92	93¾	90½	93⅜	90¼	92⅜
Chicago, Burlington & Quincy R. R.	102	103	100¼	108	102½	107⅛	102½	108¼	101¾	103	100	103
" & Alton Railroad Co.	101	103	100	105	102½	104	99	104⅛	98	100	97¾	98½
" " " Pref.	106	107	106	107¼	..	..	101½	108	101	102½	102	105
" & Northwestern R. R. Co.	39⅜	47	35	44⅞	34¾	43⅝	36⅞	39⅞	35⅛	41⅜	36	41⅜
" " " Pref.	57	66⅛	53¾	62¼	52	60¼	54⅞	58	53¼	57¼	52	57
" Milwaukee & St. Paul R. R.	31¼	37⅝	31¾	41½	32¼	39⅞	33½	36¾	32	35½	31⅞	35⅝
" " " Pref.	48	56½	51¾	60¼	51½	58	52⅜	54¾	51¼	54	50	53
Toledo, Wabash & Western R. R. Co.	34¾	41⅜	29	39¼	33¼	38⅛	33½	37½	31⅜	35¾	28⅜	35¾
St. Louis & Iron Mountain R. R. Co.	22	38	24	28½	25	28	12	15	10	18	15	18
Pacific R. R. Co. of Missouri	35	41	40	42	39	41¼	37¾	40	38½	39⅞	36	38½
St. Louis, Kansas City & N. R. R. Pref.	20	27	..	..	..	..	21	22	20	21½	..	..
Atlantic & Pacific R. R., Preferred	13½	16	13⅞	16⅝	13¾	16⅜	14	15½	10¼	14¼	11¼	13¼
Del., Lackawanna & West. R. R. Co.	106	109¼	106½	110⅝	105	108	107	109	108	110½	106½	108¼
Alton & Terre Haute R. R.	..	..	10	10	..	..	14	14	..	..	..	..
" " " Preferred	..	..	28	30	25	25	..	..	25	27½	24	25
Morris & Essex Railroad Co.	94½	97	93	97½	93¼	94¾	94⅝	97	96½	97½	97	98¼
New Jersey Central Railroad Co.	105	107	106	108¾	105	108¼	105½	106¼	102¼	106½	103⅜	106½
Rome, Watertown & Ogdensburg R.R.	80	80	80	80	80	80	..	..	79	80	..	..
Rensselaer & Saratoga R. R. Co.	110	110	106¾	110½	..	..	108	108	109	109⅛	109	109½
Ohio & Mississippi R. R. Co.	22¼	26⅜	21⅞	26⅞	23½	26⅜	21⅞	25¾	23⅞	29⅜	26¼	29¼
Hannibal & St. Joseph R. R.	25	31	23½	28½	25½	27½	24½	26½	22½	28¼	23⅞	28¼
" " " Pref.	30½	33½	29¾	32½	31	32¼	30	32½	29¾	33	28¾	33
Boston, Hartford & Erie Railway	1⅛	1⅜	¾	1¼	1	1⅞	1¼	1½	1	1¼	⅝	1⅜
Col., Chicago & Ind. Central R. R.	18½	22	14½	20¼	15¾	19⅛	11	16⅜	8	14¼	8½	14

THE MINOR COINS OF THE UNITED STATES.

CIRCULAR RELATING TO THEIR PURCHASE, REDEMPTION, ETC.

TREASURY DEPARTMENT, September 24, 1874.

The following provisions of law, contained in the sixteenth and thirtieth sections of the Coinage Act of 1873, are hereby published for the information of all whom it may concern:

"SECTION 16. That the minor coins of the United States shall be a five-cent piece, a three-cent piece, and a one-cent piece, and the alloy for the five and three-cent piece shall be of copper and nickel, to be composed of three-fourths copper and one-fourth nickel; and the alloy of the one-cent piece shall be ninety-five per centum of copper and five per centum of tin and zinc, in such proportions as shall be determined by the Director of the Mint. The weight of the piece of five cents shall be seventy-seven and sixteen-hundredths grains, troy; of the three-cent piece, thirty grains; and of the one-cent piece, forty-eight grains; which coins shall be a legal tender, at their nominal value, for any amount not exceeding twenty-five cents in any one payment.

"SECTION 30. That the minor coins authorized by this act may, at the discretion of the Director of the Mint, be delivered in any of the principal cities and towns of the United States at the cost of the Mint for transportation, and shall be exchangeable at par at the Mint in Philadelphia, at the discretion of the Superintendent, for any coins of copper, bronze, or copper-nickel heretofore authorized by law; and it shall be lawful for the Treasurer and the several Assistant Treasurers and Depositaries of the United States to redeem, in lawful money, under such rules as may be prescribed by the Secretary of the Treasury, all copper, bronze, and copper-nickel coins authorized by law when presented in sums of not less than twenty dollars; and whenever, under this authority, these coins are presented for redemption in such quantity as to show the amount outstanding to be redundant, the Secretary of the Treasury is authorized and required to direct that such coinage shall cease until otherwise ordered by him."

PURCHASE OF MINOR COINS.

Persons desiring to purchase the minor coins issued under the above act, are informed that they will be issued to them in exchange, at par, for lawful money of the United States, in sums of twenty dollars or multiples thereof.

Applications for the coins must be made, in all cases, to the Superintendent of the Mint of the United States at Philadelphia, Pennsylvania, accompanied by the necessary funds; on the receipt of which, or as soon thereafter as practicable, such minor coins, to the amount of the remittance, will be forwarded, at the cost of the Mint, to any of the principal towns or cities of the United States as desired.

Remittances for this purpose may also be made in post-office money orders or sight drafts, payable in Philadelphia or New York, to the order of said Superintendent.

Persons making application for these minor coins will state particularly the denomination required—whether one, three, or five-cent pieces—and will write plainly the address to which the coins are to be forwarded.

EXCHANGE OF MINOR COINS.

The minor coins of copper, bronze, or copper-nickel, referred to as authorized by law before the passage of the Coinage Act of 1873, are as follows, viz.: (1) Large copper cents issued prior to 1857; (2) nickel-copper cents issued from 1857 to 1864; (3) bronze cents issued from 1864 to 1873; (4) bronze two-cent pieces; (5) copper-nickel three-cent pieces; and (6) copper-nickel five-cent pieces.

Persons holding these coins and desiring their exchange for the minor coins authorized to be issued by the sixteenth section of the Coinage Act of 1873, above published, may present or forward the same for this purpose to the Superintendent of the Mint of the United States at Philadelphia, Pennsylvania, in packages containing twenty dollars or multiples thereof, properly assorted and separated by the denomination and issue above specified.

Each package must be accompanied by a list setting forth the aggregate amount of coin which the package contains, and the amount of each denomination and issue, together with the name and post-office address of the party sending the same, who will also advise the Superintendent of the Mint of the amount and denomination of minor coins desired in return, and designating the city or town most convenient to him to which he desires such coins to be sent.

REDEMPTION OF MINOR COINS.

Persons holding coins of copper, bronze, or copper-nickel, authorized by law, and desiring their redemption in lawful money, may forward the same for this purpose to any of the offices of redemption hereinafter specified, putting the coins in packages of twenty dollars each or multiples thereof, assorted and separated by denominations and issues, as above directed in cases of forwarding for exchange, and advising the officer to whom sent of the amount and kind of coin thus forwarded, and the place (New York, Philadelphia, Boston, New Orleans, or San Francisco) at which the transfer check to be drawn by the Treasurer of the United States shall be made payable.

Upon the receipt of the minor coins thus forwarded for redemption, the officer to whom they are sent will carefully count and examine the same, and thereupon will issue a certificate, to be at once transmitted by him to the Treasurer of the United States at Washington, D. C., which certificate shall state the amount of coin received, the name and address of the person, company, corporation, or firm making the remittance, and the place at which the transfer check shall be made payable.

The Treasurer of the United States will, upon the receipt of this certificate' transmit to the owner of the coin a transfer check payable to his order, in United States currency, for the amount specified in the certificate, the check to be drawn upon the Assistant Treasurer of the United States in New York, Philadelphia, Boston, New Orleans, or San Francisco, at the option of the party forwarding the coin.

A detailed register of purchases and exchanges is hereby directed to be kept in the Mint at Philadelphia, and a register of redemptions in each office of redemption.

The expenses of transportation of the old coins thus forwarded for exchange or redemption must be paid by the parties forwarding them. The coin in return will be forwarded at the expense of the United States.

Minor coins so mutilated that they cannot be identified, or materially reduced in value by clipping or otherwise, will not be exchanged or redeemed.

The offices of redemption herein referred to are as follows:

The Superintendent of the Mint of the United States, Philadelphia, Pa.
The Treasurer of the United States, Washington, D. C.
The Assistant Treasurer of the United States, Boston, Mass.
The Assistant Treasurer of the United States, New York City, N. Y.
The Assistant Treasurer of the United States, Philadelphia, Pa.
The Assistant Treasurer of the United States, St. Louis, Mo.
The Assistant Treasurer of the United States, Charleston, S. C.
The Assistant Treasurer of the United States, New Orleans, La.
The Assistant Treasurer of the United States, Cincinnati, Ohio.
The Assistant Treasurer of the United States, Chicago, Ill.
The Assistant Treasurer of the United States, San Francisco, Cal.
The Assistant Treasurer of the United States, Baltimore, Md.
The United States Depositary, Buffalo, N. Y.
The United States Depositary, Pittsburg, Pa.
The United States Depositary, Santa Fe, N. M.
The United States Depositary, Tucson, Arizona.

Silver coins will not, in any case, be received for redemption or exchange.

Department's Circular instructions of April 12, 1871, March 24, 1873, and April 16, 1873, in relation to the purchase, exchange, and redemption of minor coins, are hereby abrogated.

CHAS. F. CONANT,
Acting Secretary of the Treasury.

BANKING AND FINANCIAL ITEMS.

☞ BANK OFFICERS AND BANKERS who have not already done so are requested to advise this office immediately of any changes in their respective institutions, for correction in the lists of the BANKER'S ALMANAC AND REGISTER for 1875. The courtesy and promptness of our subscribers are of more value than any other means for insuring the accuracy of these lists, and the time for sending them to press is rapidly approaching.

Orders for the **Cards** of Banks and Bankers to appear in the ALMANAC should also be sent on at once.

☞ It will be remembered that the ALMANAC AND REGISTER will hereafter be sent **only** when distinctly ordered. Those who order and pay for the ALMANAC *before December* 31st, 1874, will be furnished in addition with a **Supplement**, containing all the essential changes of the Second Edition.

FOREIGN BANKS AND BANKERS.—The list compiled for the BANKER'S ALMANAC AND REGISTER for 1875 will be found the most complete and reliable that has ever appeared in print. Through the valuable aid of Mr. FREDERICK MARTIN, Editor of the *Statesman's Manual*, London, an American publication can now take precedence in London and Paris as the Banking Directory of the world.

THE REDEMPTION AGENCY at Washington has resumed its operations since our last issue. Treasurer Spinner has given notice that the notes of the Second National Bank of Lawrence, Kansas, will no longer be redeemed by the Bureau. This step is a necessary preliminary to enable the Comptroller of the Currency to protest these notes with the view to the appointment of a Receiver.

DIVIDENDS FROM SUSPENDED BANKS.—The Comptroller of the Currency has declared the following dividends in favor of creditors:—National Bank of the Commonwealth, New York, twenty per cent., making in all 100 per cent. Farmers and Citizens' National Bank, Brooklyn, four per cent., making in all 96 per cent. First National Bank of Anderson, Indiana, fifteen per cent.

THE THIRTEENTH CALL OF 5-20 BONDS was issued by the Secretary of the Treasury on November 2d. The call is for five millions of dollars, coupon bonds, all of the fourth series, on the 2d day of February next, when interest on the bonds will cease. That is to say, coupon bonds known as the fourth series, act of February 25, 1862, dated May 1, 1862, as follows, numbers all inclusive:—

COUPON BONDS.

\$50—No. 4201 to No. 4861	\$500—No. 5001 to No. 7000
\$100—No. 201 to No. 10500	\$1,000—No. 14901 to No. 20000

The total amount called for redemption since August 1, 1874, is now fifty-five millions, equaling the amount of five per cent. bonds of the loan of July 14, 1870, and January 20, 1871, absolutely subscribed for under the proposals of July, 1874. United States Securities forwarded for redemption should be addressed to the "Loan Division, Secretary's Office," and all registered bonds should be assigned to "the Secretary of the Treasury for Redemption."

A DEFALCATION was discovered on November 14th in the ccounts of one of the book keepers of the Pacific Bank of this city, to the amount of about \$22,000. The defaulter, Charles Whiteman, is a young man who has been for eleven years in the service of the bank. He had charge of one of the individual ledgers, and by a series of fictitious entries, obtained the money from time to time through a depositor's account. The bank saves some \$5,000 through the bonds, &c., of the delinquent, and the loss is but a trifling percentage on its surplus.

THE NEW YORK GOLD EXCHANGE held its annual election of officers on October 19th. The following gentlemen were chosen for 1874-5:

President, James B. Colgate; First Vice-President, E. T. Bragaw; Second Vice-President, W. J. Hutchinson; Treasurer, R. L. Edwards; Secretary, Wm. P. Wescott.

The Standing Committees are as follows:

Executive Committee.—C. O. Morris, Townsend Cox, Wm. Fitch, J. N. Ewell, J. F. Underhill, Jas. Curphey, H. R. Moore, Geo. H. Kennedy, C. E. Newbold.

Finance Committee.—E. S. Ballin, Jas. Seligman, Geo. D. Arthur, W. Harman Brown, L. C. Meyer.

Arbitration Committee.—Geo. A. Fapshaw, J. H. Tucker, Jas. H. Cross, W. H. Jameson, C. Knoblauch.

Committee on Admissions.—W. B. Sancton, H. Bird, A. V. Richards, N. Dessau, A C. Fuller, A. V. Castellanos, C. W. Keep, T. C. Buck, C. Garlichs.

SPURIOUS CERTIFICATES OF STOCK. ACTION OF THE STOCK EXCHANGE.—In order to guard against spurious certificates, the Governing Committee of the Stock Exchange have voted to request such companies as still use lithographed certificates, to substitute therefor, as soon as possible, certificates engraved by some responsible bank-note company which is in the habit of retaining the plates. The following rules have been adopted by the Committee on Stock List, for applicants to have securities put on the Stock Exchange list:

RULE 1. In all cases of application for placing either bonds or stocks on the list, it is required that a sample of each issue shall be shown to the Chairman of the Committee, so as to ascertain whether proper precautions have been taken against forgery; and no form of stock certificate will be accepted unless it has been carefully engraved by some responsible bank-note engraving company.

2. Applications to place bonds on the list must state the amount of the issue, the date of issue, the time when due, the names of the trustees, the par value of each kind of bond issued, and the series of the number in each mortgage.

3. All active stocks must be registered at some institution satisfactory to the Committee; and each application must be accompanied by a letter from the registrar stating the amount of stock registered at the time of application, and also by "the form of agreement with registrars" duly executed, provided such form has not been already filed with the Committee.

4. All applications must be accompanied by a full statement of the condition of the Company, a list of its officers, &c., and when possible it should be made by an officer of the Company.

5. After any stock has once been placed on the list, any change in the form of certificate or place of registry must receive the consent of "the Committee on Securities at Large," or the stock will be liable to be stricken from the list.

6. The attention of applicants is also called to the following resolution of the Governing Committee of the Stock Exchange:

"That all applications for the admission of securities to the stock list shall be accompanied by a fee of fifty dollars, to cover the cost of printing and other expenses of the Committee, said fee to become the property of the Exchange whether the application is accepted or rejected."

JOHN T. DENNY, *Chairman.*

THE RIGHTS OF CORPORATIONS.—The United States District Court at New York decided, on November 12th, that a corporation must answer a bill under seal and not under oath; that the officers of a corporation cannot be compelled to answer interrogatories under oath because they are not defendants. No one but a defendant can be compelled to answer interrogatories in a bill. If the officers of a corporation are made parties, the answer must be under seal and without oath, and the answers must be stated therein according to the knowledge, information and belief of its officers, as obtained from all proper sources of information.

A NEW YORK STATE LAW requires that eight days' notice shall be given before application to a Court to appoint a Receiver of a broken bank. In a suit against the Eighth National Bank of New York the decision of Judge Blatchford indicates that this does not apply to other than State institutions. So far as they, too, are concerned, it seems to be a dead letter.

MR. JOSEPH STUART, of the banking firm of J. & J. Stuart, died, on November 19th, of apoplexy. Mr. Stuart was born November 25, 1803, in the County Armagh, Ireland. He emigrated to this country in 1827, and in the following year established the existing dry goods firm of Stuart Brothers in Philadelphia, in connection with his brothers, John and David, now heads of Manchester and Liverpool banking houses. In 1833 he removed to New York, and took charge of the dry goods house of J. & J. Stuart, founded in 1831, and continued until 1851, when its business was changed to that of banking. Mr. Stuart was a Director and Vice-President of the Mercantile National Bank.

THE NEED OF WORK.—The large number of unemployed persons in New York at this time is indicated by the registered lists at the Bowery Branch of the Young Men's Christian Association. They show not only decent men who are willing to work through the winter for very small wages, but also a large number of men who will work for the winter for their living only. Persons having employment to furnish can address Mr. John Dooly, Secretary, 134 Bowery.

THE LIABILITY OF STOCKHOLDERS.—An Alabama District Court has just decided that each stockholder in a bank is liable only to pay a sum which shall bear the same proportion to the whole indebtedness that his stock bears to the whole capital.

CALIFORNIA.—A curious question has just been raised by two California banks. The Capital Savings Bank of Sacramento and the Odd Fellows' Bank of Savings have refused to pay their city taxes upon the following ground, namely, that the money in their vaults is United States gold or silver coin, United States Treasury notes, or notes of banks chartered by the United States, deposited with them, and not subject to taxation; and further, that the solvent debts assessed against the banks were created by loaning such deposits, and therefore they are not subject to taxation. Suit has been brought against these two banks to recover the delinquent taxes, and the question will be judicially disposed of.

THE NEW CALIFORNIA MINT.—This magnificent building, on the corner of Mission and Fifth streets, San Francisco, was formally delivered to the local Superintendent, Gen. G. O. Lagrange, on November 5th. This is considered the finest mint edifice in the world, and the most perfect in all its appointments and machinery. The *Bulletin* of San Francisco remarks:

"The necessity of such a mint as we are now to possess has been more and more manifest. The average coinage for the past twelve years has been steadily increasing from sixteen or seventeen millions, until now it reaches twenty-five millions. During the last four months the coinage is over twelve million dollars, and the demands of commerce for the new trade dollar are becoming very great. In the present quarter twenty thousand pieces a day is about all that can be safely attempted, though it has sometimes been exceeded. In the new mint the facilities for increase are such that the work can be multiplied to any degree of our possible requirements in the future."

ALTERED CHECKS.—In the case of the Mutual Building Association No. 3 against the National Exchange Bank, the Superior Court has just given an opinion that is of much importance to bankers, and being in conformity with the decision of the Court of Appeals, is directly contrary to the opinion given by the Superior Court in the Parkersburg cases. The funds of the Building Association were in the National Exchange Bank, and checks were signed by two officers of the Building Society. One of them altered the checks by rubbing out "pay to order" and made it read "pay to bearer." As the alteration was known to be in the handwriting of an officer of the Building Society who was known to have the right to draw the checks, the change excited no suspicion, and the bank paid to him the amount of the checks and he escaped. The decision of the Court is that the bank could not be expected to know that the alteration had been fraudulently made, and could not guard against the technical forgery, and consequently the Building Association must bear the loss from the fraudulent conduct of its officer.—*Baltimore American*.

CONNECTICUT.—The Receivers of the Townsend Bank of New Haven report that the good assets exceed 68 per cent. of the liabilities, and that they hope to realize a considerable addition from the doubtful assets, which amount to over $900,000.

INDIANA.—The report of the Auditor of State for the year ending October 31, 1874, is just completed, and submitted to the Governor. An abstract of its contents in the *Cincinnati Times* furnishes the following:

Savings Banks.—The Legislature of 1869 passed a law under which were organized the savings banks now in operation. They are located in Indianapolis, 2, Lafayette, 2, Fort Wayne, Laporte, Evansville. South Bend and Terre Haute. Their aggregate deposits now amount to $1,220,000. They pay an average of 8 per cent. to depositors, and, with the exception of the one in Fort Wayne, are all doing well, and promising finely for the future. The smallest deposit is in the Laporte bank—12 cents; and the largest is in one of the Lafayette banks—$9,826.76 The Fort Wayne bank will go out of business on the 1st of January next. The Indianapolis Savings Bank commenced business on the 6th of November, 1871; and in March last, the date of its official examination, its deposits amounted to $132,600.67. It now has a line of deposits of over $192,000, and 4,000 depositors. It has paid 10 per cent. per annum in half-yearly dividends ever since it opened.

Nine banks of discount and deposit have been organized under the law of 1873. Twelve of the old free banks have not yet been fully paid out, but as none of their notes have been presented for redemption within the last two years, the Auditor suggests that that bureau be closed, and the State saved the expenses of its further maintenance.

The State debt is said to be $1,172,755, and the Domestic debt $3,904,783. There were redeemed during 1873 and 1874 Internal Improvement Bonds amounting to $485,400, including the interest since 1836. The money is ready to redeem the remaining 94 bonds whenever presented.

DEFALCATIONS IN BOSTON.—Two banks in Boston have, during the past month, discovered fraud by officials. In the First Ward National Bank, the cashier, Henry A. Roberts, is a defaulter. The suspicions of the directors having been excited, they set experts at work to investigate matters. Meanwhile the cashier left the bank. The result shows him to be a defaulter to the amount of $26,000, or over. Mr. Roberts, it appears from the report, had been in the habit of making fictitious charges to the New York correspondents of the bank, representing remittances made, when the money was really appropriated to his own personal use. In January last he drew four checks amounting to $3,263, crediting them as only $132. The loss is supposed to be about $30,000. In the National Bank of Redemption, the assistant teller, George H. Kingsbury, was arrested for embezzlement. He had been in the habit, for two years, of taking checks and drafts from other banks and appropriating them to his own use, and covering up the fraud by doctoring his accounts. There was no supervision exercised over him which prevented his keeping up this practice, but frequent mistakes in the accounts rendered to the other banks finally led to suspicion, and the laying of a snare to catch him. He confesses to taking $31,000, of which he has returned $24,000, the balance being used up. It is said that, receiving a salary of but $800 a year, and having a family to support, he took the funds of the bank under the pressure of actual want

MICHIGAN.—A fine building is under contract for erection for the Muskegon National Bank, which, besides being unusually commodious and convenient, promises the utmost security against both fire and burglary. It fronts on two streets, 60 by 130 feet, and will be highly ornamental to the city.

NEBRASKA.—Mr. Edward Creighton, President of the First National Bank of Omaha since its organization, died in that city on November 5th, after a brief illness of two days, aged 54 years. Mr. Creighton was a man of remarkable ability and energy. He removed to Omaha in 1857, and has been prominently identified with a number of public enterprises in that region, as well as in banking. Mr. Creighton had gained not only ample means, but the respect and esteem of the community to a degree which caused his loss to be felt as a public bereavement. The *Omaha Herald*, in a sketch of his career, gives the key to this regret in the

following: "He was full of charity to the suffering. In him the poor man always had a friend who never forgot him. Edward Creighton prized personal honor as the crowning jewel in the casket of a sound moral character. He cherished his own with constant jealousy. His word was as good as his bond, and he was the very soul of honesty. All his acts were tested at the tribunal of his conscience, by which they were sanctioned. His loss is a public loss to this town and State, which his enterprises have done so much to found and fashion, and will be keenly felt by the great interests with which he was connected.

NEW HAMPSHIRE.—The Five Cents Savings Bank of Milford suspended, October 30th, with liabilities of half a million dollars. The Committee of Examination report that the securities, estimated at the lowest possible figures, show a deficit of only 4½ per cent., and unanimously recommend the continuation of business.

SPECIAL DEPOSITS.—The First National and Indian Head National Banks in Nashua have requested all persons having valuable packages deposited in their vaults for safe keeping to withdraw the same immediately.

PHILADELPHIA.—The November Dividends of National and State Banks are as follows:

	Per cent.		Per cent.
Second National Bank	5	Mechanics' National Bank	6
Third National Bank	5	National Bank of Commerce	4
Sixth National Bank	5	National Bank of Germantown	6
Seventh National Bank	3	National Bank of Northern Liberties	10
Central National Bank	6	National Bank of the Republic	3½
City National Bank	6	People's Bank	6
Commercial National Bank	5	Penn National Bank	5
Commonwealth National Bank	2	Philadelphia National Bank	7
Consolidation National Bank	6	Southward National Bank	10
Corn Exchange National Bank	6	Tradesmen's National Bank	10
Farmers and Mechanics' N. Bank	5	Union National Bank	5
Girard National Bank	6	Western National Bank	5
Kensington National Bank	6	West Philadelphia Bank	4
Manufacturers' National Bank	4		

These dividends are the same in each case as those of May last, except that of the Penn National Bank, then 6 per cent. Compared with those of November, 1873, the only variations are: Commonwealth National. 3; Mechanics' National, 5; Southwark National, 12; Bank of America, 4.

THE *Ledger* states: "The amount of capital divided upon by our banks at the present semi-annual period is $14,915,650, and the aggregate of dividends is $808,500, against $14,767,000 of capital and $803,710 of dividends at the May period, being an increase of $188,650 in capital and $4,790 of dividends for this November period. The Central National Bank increased its dividend 1 per cent., and all the others made the same dividends as at the May period, except the Bank of America and the Spring Garden Bank, which have passed their dividends. The last-named bank is putting up a handsome and substantial new banking house, and prudently withholds dividends until that expenditure shall have been overcome. It will be seen from these figures that, notwithstanding the supply of money for the last half year has been most abundant, and the rate unusually low, the profits of the banks have been fully maintained."

FRAUDULENT WARRANTS.—Several thousand dollars' worth of bogus city warrants were purchased on November 10th by brokers on Third street. The warrants counterfeited were those of school teachers. The forgeries were so well executed that even the City Comptroller believed his signature to be correct. A man giving the name of William H. Randall, and a confederate, name unknown, who narrowly escaped arrest, are the guilty parties. One party discovered the swindle in time to prevent his check for two thousand dollars being cashed. The extent of the swindle reaches fifteen thousand dollars, being about $2,000 to each firm.

VIRGINIA.—T. T. Broocks, President of the Merchants' National Bank, Petersburg, was convicted on November 10th in the United States Circuit Court at Richmond, of embezzlement and false entries.

CANADA.—Another of the leading institutions of Canada, the Merchants' Bank, has decided to open an office in New York at the beginning of the new year. Its representative will be Mr. Walter Watson, recently of the firm of Morton, Bliss & Co. The bank is also about to establish a branch in London, England.

THE BANK OF OTTAWA, at Ottawa, commences business with a capital of $1,000,000 about December 1st. The officers are: James Maclaren, President; Charles Magee, Vice-President; and Patrick Robertson, Cashier. A branch is established at Amprior, under charge of D. M. Finnie, Agent. Their New York correspondents are Messrs. Harper & Goadby, Wall street.

DEFALCATION.—The Bank of Montreal has been the victim of a defalcation by one of the clerks in the savings department of the Montreal office. The amount of the loss is stated at $22,000. It appears that even the most excellent and effective system pursued by this bank regarding its employees is not sufficient to prevent fraud and dishonesty in some cases; but the same may doubtless be said of every system that fallible man can devise.—*Monetary Times, Toronto.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized Oct. 22 to Nov. 18, 1874.

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2196	Nat. Bank of Newcastle, Newcastle, KY.	Geo. C. Castleman; John W. Matthews.	$ 50,000	$ 50,000
2197	Farmers' Nat. Bank, Centreville, IOWA.	D. C. Campbell; S. W. Wright	50,000	50,000
2198	Nat. Bank of Shelbyville, Shelbyville, TENN.	Edward Cooper; A. Friessner	50,000	35,000
2199	Miners' National Bank, Georgetown, COL.	J. L. Brownell; Thos. W. Phelps	150,000	85,325
2200	Mechanics' National Bank, Nashville, TENN.	Benj. F. Wilson; W. C. Butterfield	100,000	100,000
2201	First National Bank, Tell City, IND.	Charles Steinauer; G. Huthsteiner	50,000	30,000
2202	Bundy National Bank, Newcastle, IND.	M. L. Bundy; L. E. Bundy	50,000	35,000
2203	First National Bank, New Lisbon, OHIO.	John McDonald; O. W. Kyle	50,000	35,000
2204	First National Bank, Arcola, ILL.	James Beggs; A. L. Clarke	50,000	35,000
2205	Second National Bank, Monmouth, ILL.	Chancy Hardin; F. W. Harding	50,000	50,000
2206	Caverna National Bank, Caverna, KY.	T. T. Alexander; H. S. Shoudy	50,000	50,000
2207	Boonville National Bank, Boonville, IND.	Lewis J. Miller; Enos W. Bethell	50,000	50,000

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from November Number, page 402.)

☞ Additions for this list are solicited from the subscribers to this work.

NEW YORK CITY:

Bates & Bostwick, 13 Broad Street. W. R. Utley, 4 Wall Street.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Arkadelphia, ARK...	Robert Beauchamp..........	Merchants' Ex. Nat. Bank.
Hot Springs, "	Sumpter & Smith	Jameson, Smith & Cotting.
Hollister, CAL.....	Bank of Hollister..........	J. & W. Seligman & Co.
Georgetown, COL...	Miners' National Bank......	Kountze Brothers.
Danbury, CONN.....	Union Savings Bank........	....
Washington, D. C..	Bigelow & Benjamin........	First National Bank.
Augusta, GA........	L. Gambrill................	....
Macon, "	Mutual Loan Association....	....
Altona, ILL...	A. P. Johnson & Co.........	City National Bank, Chicago.
Arcola, " ..	First National Bank.........	....
Huntsville, " ..	Preston, Lake & Co.........	W. R. Preston & Co.
Monmouth, " ..	Second National Bank.......	....
Peoria, " ..	Savings Bank of Peoria......	....
Pinckneyville, " ..	Murphy, Wall & Co.........	....
Watseka, " ..	J. Watzenbaugh & Co........	....
Boonville, IND. .	Boonville National Bank.....	....
Lawrenceburg, " ..	Lawrenceburg Banking Co...	....
Newcastle, " ..	Bundy National Bank........	....
Tell City " ..	First National Bank.........	....
Centreville, IOWA...	Farmers' National Bank.....	....
Iowa Falls, " ...	Bank of Iowa Falls.........	Corbin Banking Co.
Keokuk, " ...	H. G. Boon & Co...........	Donnell, Lawson & Co.
Alma, KAN...	Western Financial Association	....
Augusta, " ...	Geo. W. Brown.............	Donnell, Lawson & Co.
Leavenworth, " ...	German Savings Bank.......	German American Bank.
Caverna, KY...	Caverna National Bank.	....
Elizabethtown, " ...	L. M. Longshaw............	J. B. Alexander & Co.
Newcastle, " ...	National Bank of Newcastle. .	....
Baltimore, MD......	Frank, Rosenburg & Co......	National Citizens' Bank.
Boston, MASS......	Charles A. Sweet & Co......	Edward Sweet & Co.
" "	William N. Field & Co.......	....
St. Louis, MICH.....	Merchants and Farmers' Bank	Geo. Opdyke & Co.
Minneapolis, MINN.	Mendenhall Savings Bank....	....
" "	Farmers & Mechanics' S. Bank	....
St. Louis, MO......	Kohn & Co.................	Netter & Co.
Moberly, "	Avery & Woolfolk...........	Donnell, Lawson & Co.
Kearney Junct., NEB.	Kearney Bank..............	Kountze Brothers.
Jersey City, N. J....	City Bank..................	American Ex. National Bank
Schenevus, N. Y....	J. T. Thompson............	Imp. & Traders' Nat. Bank

Cincinnati, OHIO..	Lea, Sterrett & Co..........	....
Bowling Green, " ..	Beverstock, Merry & Co.....	Tenth National Bank.
Batesville, " ..	First National Bank.........	....
Geneva, " ..	J. L. Morgan...............	Imp. & Traders' Nat. Bank.
Mt. Sterling, " ..	Farmers' Bank..............	....
New Lisbon, " ..	First National Bank.........	....
Martinsville, " ..	Farmers' Bank..............	....
Great Bend, PA...	Wakeman & Dusenbury......	National Currency Bank.
Reynoldsville, " ...	D. C. Oyster & Co.	Union Banking Co., Phila.
Scranton, " ...	Scranton S. B. & Trust Co...	Merchants' Ex. Nat. Bank.
Charleston, S. C....	Carolina Savings Bank.......	Williams, Birnie & Co.
Charlestown, TENN.	Hiawassee Savings Assoc'n..	R. T. Wilson & Co.
Nashville, " .	Mechanics' National Bank....	....
Shelbyville, " .	National Bank of S..........	....
Rockdale, TEXAS....	J. H. Tracy & Bro..........	Swenson, Perkins & Co.
Clarksville, VA......	Bank of Clarksville..........	....
Marinette, WIS.....	Stephenson Banking Co......	First National Bank.
Muscoda, "	A. J. McCarn & Co.........	....

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List; continued from November No., page* 401.)

NOVEMBER. 1874.

☞ Banks are requested to furnish prompt notice of any future changes

Name of Bank.	*Elected.*	*In place of*
German American Bank, N. Y. CITY.	D. Salomon, *Pres*.......	Emil Sauer.
Hurlbut N. B., West Winsted, CONN.	Wm. L. Gilbert, *Pres*..	Rufus F. Holmes.
" " " "	Henry Gay, *Cash*......	C. B. Holmes.
Second Nat. Bk., Washington, D. C.	H. C. Swain, *Cash*.....	W. H. Griffith.
Edgar County Nat. Bk., Paris, ILL.	R. N. Parrish, *Pres*....	Calvin W. Levings.
German Savings Bank, Peoria, "	Oscar Furst, *Cash*......	Max Strehlow.
Mechanics' Nat. Bk., " "	Henry P. Ayres, *Cash*..	John B. Smith.
Monmouth Nat. B., Monmouth, "	George F. Harding, *Pres*.	A. C. Harding.
" " " "	A. W. Harding, *Cash*...	A. H. Harding.
Vermilion County B., Danville, "	Thomas S. Parks, *Cash*.	Jesse R. Holloway.
First National Bank, Kokomo, IND.	Ithamer Russell, *Pres*...	Thomas Jay.
Citizens' Bank, Des Moines, IOWA,	J. G. Rounds, *Cash*....	John A. Elliott.
Davenport S. B., Davenport, "	R. Smetham, *Cash*.....	Francis Ochs.
Farmers' Ex. B., Steamboat Rock, "	E. W. Skerry, *Cash*....	D. W. Turner.
Leavenworth Savings Bank, KAN...	George R. Hines, *Pres*..	E. Hensley.
First National Bank, Lexington, KY.	S. P. Kenney, *Pres*....	Jacob Hughes.
Citizens' Nat. Bank, Louisville, "	O. V. Wilson, *Cash*....	....
First National Bank, Richmond, "	W. R. Letchen, *Cash*...	W. M. Irvine.
Madison Nat. Bank, " "	J. S. Bronston, *Pres*....	Silas T. Green.
Bk. of Shelbyville, Shelbyville, "	Gorden Logan, *Pres*....	Josephus H. Wilson.
Citizens' B. of La., New Orleans, LA.	James J. Tarleton, *Cash*.	J. L. Delery.
New Orleans N. B., " "	Albert Baldwin, *Pres*...	Jesse K. Bell.
" " " "	John H. Pike, *Cash*....	Richard Jones.*

Cobbossee Nat. Bk., Gardiner, ME.	James Stone, *Pres*.	Stephen Young.*
Traders' Nat. Bk., Baltimore, MD.	Isaac S. George, *Pres*.	William H. Tuck.
New England N. B., Boston, MASS.	Charles F. Swan, *Cash*.	Seth Pettee.*
N. Hide & Leather B., " "	George N. Jones, *Cash*.	William Basse..
First National Bank, Greenfield, "	J. W. Stevens, *Cash*.	W. I. Jenkins.
Prescott National Bank, Lowell, "	D. S. Richardson, *Cash*.	Charles B. Coburn.
Mechanics' N. B., Newburyport, "	F. O. Woods, *Cash*.	John Andrews.
Falmouth Nat. Bank, Falmouth, "	E. Gould, *Pres*.	Oliver C. Swift.
Crocker N. Bk., Turner's Falls, "	Samuel Sewall, Jr., *Cash*.	R. N. Oakman.
First National Bank, Pontiac, MICH.	David Ward, *Pres*.	C. Dawson.
" " " "	Charles Dawson, *Cash*.	E. B. Comstock.
" " Negaunee, "	John B. Maas, *Pres*.	Henry E. Haydon.
" " " "	F. E. Snow, *Cash*.	Fred. Stafford.
People's Bank, Manchester, "	S. W. Clarkson, *Cash*.	Chas. H. Richmond.
Lumb'm'n's State B., Whitehall, "	Albert Mears, *Pres*.	John P. Cook.
First National Bk., Owatonna, MINN.	Loring Andrews, *A. C*.	D. S. Kinyon.*
Kansas City N. B., Kansas City, Mo.	Joseph M. Chick, *Cash*.	J. M. Smith.
Nat. Exch. Bank, Jefferson City, "	Philip E. Chappell, *Pres*.	H. Clay Ewing.
" " " "	Nich. E. Miller, *Cash*.	Philip E. Chappell.
Merchants' Nat. Bk., St. Louis, "	Jos. E. Yeatman. *Pres*	Lewis B. Parsons.
Central Savings Bank, " "	H. J. Spannhorst, *Pres*.	Henry L. Patterson.
Merchants' Bank, Lincoln, NEB.	John R. Clark, *Cash*	George P. Eaton.
First National Bk., Port Jervis, N. Y.	M. C. Everitt, *Pres*.	Jacob Hornbeck.
" " " "	C. F. Van Inwegen, *Cas*.	M. C. Everitt.
National Bank of Fort Edward, "	E. D. Nash, *Pres*.	F. D. Hodgman.
First National Bank, Oneonta, "	S. R. Follett, *Cash*.	Egbert M. Carver.
Oneida County Bank, Utica, "	Francis Kernan, *Pres*.	Charles H. Doolittle.
Merchants' B nk, Watertown, "	Willard Ives, *Pres*.	Norris Winslow.
National Ex. Bk., Columbus, OHIO.	George W. Sinks.	(Not Links, as in Nov. No.)
Merchants' N. B., Middletown, "	John M. Loehr, *Cash*.	Francis P. Loehr.
Morgan S. & Loan As., Morgan, "	Abel W. Watkins, *Pres*.	Ichabod Champion.
" " " " "	Wm. W. Watkins, *Cash*.	Abel W. Watkins.
First Nat. B., Upper Sandusky, "	Sylvester Watson, *Pres*.	Thomas V. Reber.
" " " "	James G. Roberts, *Cash*.	Sylvester Watson.
Wadsworth Bank, Wadsworth, "	J. Lytle, *Pres*.	C. N. Lyman.
" " " "	A. L. Corman, *Cash*.	H. A. Brotts.
Penn National Bk., Philadelphia, PA.	Gillies Dallett, *Pres*.	Thos. P. Stokesbury.
N. B. North'n Liberties, " "	Wm. Gummere, *Pres*.	Joseph Moore.
" " " "	John Rapson, *Cash*.	William Gummere.
Metropolitan Bank, Pittsburgh, "	George Seebick, *Cash*.	James Wettach.*
Honesdale Nat. Bk., Honesdale, "	Ed. S. Jackson, *Cash*.	S. D. Ward.*
Juniata Valley Bank, Mifflintown, "	George Jacobs, *Pres*.	Joseph Pomeroy.
Iron Bank of Phenixville, "	Daniel H. Reiff, *Cash*.	James G. McCouch.
Lackawanna Valley B., Scranton, "	A. Miner Renshaw, *Cash*.	Geo. S. Kingsbury.
Grocers & Producers' B., Prov., R. I.	John B. Calder, *Cash*.	E. F. Phillips.
Franklin Association, Athens, TENN.	Jas. M. Henderson, *Pres*.	James H. Hornsby.
First National Bank, Nashville, "	T. Cooley, *Cash*.	W. C. Butterfield.
Giles National Bank, Pulaski, "	Hugh F. Ewing, *Cash*.	Thornton McLean.
Texas B. & Ins. Co., Galveston, TEX.	R. S. Wilson, *Pres*.	J. M. Brandon.
Merch. & Planters' B., Sherman, "	Tom Randolph, *Cash*.	John H. Slater.
City Bank of Dallas, Dallas, "	Wm. E. Hughes, *Pres*.	Tyler C. Jordan.
" " " "	John W. Walden, *Cash*.	R. P. Aunspaugh.
Nat. Bank. of Lyndon, Lyndon, VT.	H. M. Pearl, *Cash*.	Samuel B. Mattocks.
Farmers' National Bank, Salem, VA.	Jas. Chalmers, *Cash*.	Green B. Board.

* Deceased.

DISSOLVED, DISCONTINUED OR CHANGED.

(Monthly List, continued from November No., page 404.)

NEW YORK CITY.

Utley & Bowen (now W. R. Utley).

ALABAMA.—Deposit Savings Association, *Mobile;* D. R. Dunlap, *Mobile;* C. Cadle, Jr., *Selma;* George A. Morrison & Co., *Selma.*

ARKANSAS.—Clark Co. Bank, *Arkadelphia,* (succeeded by Robert Beauchamp).

CALIFORNIA.—I. G. Wickersham & Co., *Petaluma,* (succeeded by First National Gold Bank). Bank of Gilroy, *Santa Clara,* (located at Gilroy).

COLORADO.—Fish, Phelps & Co., *Georgetown,* (succeeded by Miners' National Bank).

CONNECTICUT.—J. A. Butler & Co., *Hartford;* Jewett City National Bank, *Jewett City,* (consolidated with Norwich National Bank, Norwich). New Haven Trust Co., *New Haven,* (closed).

DISTRICT OF COLUMBIA.—Otis Bigelow, *Washington,* (succeeded by Bigelow & Benjamin).

FLORIDA.—D. G. Ambler, *Jacksonville,* (succeeded by Ambler National Bank).

GEORGIA.—Macon Banking & Trust Co., *Macon,* (failed).

ILLINOIS.—Beggs & Clark, *Arcola,* (succeeded by First National Bank). Junius Rogers, *Bunker Hill,* (located at Byron, as Rogers Bank of Byron). Bunker Hill Bank, *Byron,* (located at Bunker Hill). A. J. Grover, *Earlville;* Joseph Tillson, *Galesburg;* Ira W. Lake & Co., *Huntsville,* (succeeded by Preston, Lake & Co.) Wilson Brothers, *Onarga,* (discontinued). Donovan, Woodford & Co., *Watseka,* (succeeded by J. Watzenbaugh & Co.).

INDIANA.—Lawrenceburg National Bank, *Lawrenceburg,* (succeeded by Lawrenceburg Banking Co.). Tell City Bank, *Tell City,* (succeeded by First National Bank).

IOWA.—Nutt & Co., *Council Bluffs;* Smith & Lambert, *Dexter;* Farmers and Traders' Bank, *Leon,* (merged in First National Bank). T. H. Hart, *Iowa Falls;* S. P. Pond & Co., *Keokuk;* Twogood, Elliot & Co., *Marion,* (now Twogood & Elliot). People's Savings Bank, *Greene,* (now People's Exchange Bank). Wright & Spencer, *Oskaloosa;* Bank of Tama County, *Tama City,* (now Bank of Tama).

KANSAS.—W. Hetherington & Co., *Atchison,* (name changed to Hetherington's Exchange Bank). Brown Brothers, *Augusta,* (succeeded by George W. Brown). Valentine & Ingram, *Beloit;* R. K. Tabor, *Peabody;* National Loan & Trust Co., *Topeka.*

KENTUCKY.—Caverna Deposit Bank, *Caverna,* (succeeded by Caverna National Bank). Thomas, Polk & Co., *Elizabethtown;* Bank of New Castle, *New Castle,* (succeeded by National Bank of New Castle).

LOUISIANA.—Teutonia National Bank, *New Orleans,* (closed). E. H. Reynes & Brother, *New Orleans.*

MICHIGAN.—Robert Hosie, *Detroit;* Frederick L. Seitz, *Detroit;* Exchange Bank, *Bay City;* C. F. Gibson & Co., *Bay City;* Ishpeming Bank, *Ishpeming;* James Mathews, *Negaunee;* Negaunee Bank, *Negaunee;* Lumberman's Bank, *Manistee,* (closed). S. A. Tripp & Co., *South Haven.*

MINNESOTA.—R. J. Mendenhall, and State Savings Association, *Minneapolis*, (succeeded by Mendenhall Savings Bank). Parker Paine, *St. Paul*, (failed).

MISSISSIPPI.—W. H. Archer & Co., *Greenville*, (dissolved).

MISSOURI.—St. Genevieve Savings Association, *St. Genevieve*, (changed to Harris & Janis).

NEBRASKA.—W. Dake & Co., *Kearney Junction*, (succeeded by Kearney Bank). Byron, Reed & Co., *Omaha;* H. Pandt & Co., *Omaha;* A. Castetter & Co., *Tekamah*.

NEW YORK.—Ford & Fuller, *Albany;* George W. McDowell, *Bath;* Thompson, Chester & Co., *Schenevus*, (succeeded by J. T. Thompson). Mechanics' National Bank, *Syracuse*, (now Mechanics' Bank). Evans, Killmaster & Co., *Tonawanda*, (now E. Evans).

OHIO.—S. B. Keys & Co., *Cincinnati*. Reed & Beverstock, *Bowling Green*, (succeeded by Beverstock, Merry & Co.). Morgan & Proctor, *Geneva*, (succeeded by J. L. Morgan). Moore & Hunter, *Martinsville*, (succeeded by Farmers' Bank).

PENNSYLVANIA.—Brookville Bank, *Brookville*, (suspended). N. Myers, *Clarion;* Wakeman Brothers & Co., *Great Bend*, (succeeded by Wakeman & Dusenbury). S. B. Chase & Co., *Great Bend* (located at New Milford). A. A. Peirce & Son, *Titusville*, (dissolved). Temperanceville Savings Bank, *West Pittsburg*.

TEXAS.—J. H. Littlefield & Co., *Corsicana*, (dissolved).

UTAH.—W. Hussey & Co., *Corinne*, (failed). First National Bank, *Salt Lake City*, (suspended).

THE PREMIUM ON GOLD AT NEW YORK,

OCTOBER—NOVEMBER, 1874.

(Continued from November Number, page 401.)

1874.	*Lowest.*	*Highest.*		*Lowest.*	*Highest.*		*Lowest.*	*Highest.*
January	10⅛	12½	Oct. 26	10	10	Nov. 9	10⅛	10⅜
February	11⅜	13	27	10	10	10	10⅛	10¼
March	11¼	13⅝	28	10	10¼	11	10¼	10⅜
April	11¾	14⅜	29	10⅛	10⅛	12	10¼	10⅜
May	11⅞	13⅛	30	10⅛	10⅛	13	10⅜	10⅝
June	10½	12¼	31	10⅛	10⅛	14	10⅝	10¾
July	9	10⅞						
August	9¼	10¼	Nov. 2	10¼	10⅜	16	10⅞	11⅛
September	9¾	10¼	3	Holiday.		17	11⅛	11⅜
October	9¾	10⅜	4	10⅛	10½	18	10⅞	11¼
			5	10⅛	10¼	19	10⅞	11¼
Oct. 24	10	10⅛	6	10	10⅛	20	11⅛	11⅜
			7	10	10¼	21	11¼	11⅜

NOTES ON THE MONEY MARKET.

New York, Nov. 23, 1874.

Exchange on London, at sixty days' sight, 4.85½ *a* 4.86 *in gold.*

Call loans rule at 3½ to 4 against 2½ to 3½ a month ago. Prime discounts range at 5 to 7 with a tendency of rates to harden. A little more activity is developing itself in the money market, from several causes. First, there is a demand for currency at the West and South. This indicates the approach of the usual Fall activity in the movements of the crops. Many complaints are current as to the delay this year of the Autumn trade, and as to the scanty amount and meager results of the business done. On inquiry, we find evidence that the prospects are promising, and that a somewhat greater volume of business than is supposed has been done during the last two months. The people generally are economizing and curtailing their expenses, so that the demand for many articles of luxury is restricted. Hence our importations of dry goods and other commodities have fallen off. This change accounts for much of the dullness that is reported; and to it we may add other circumstances, such as the conservative spirit which the panic has produced among our business men, leading them to be discriminating in credits, and indisposed to accept risks which formerly were taken without hesitation. Moreover, a number of failures, more or less serious, continue to occur in general trade circles. If this is in some instances due to the effects of last Fall's panic and to the efforts of the unfortunate sufferers to recover their losses, it arises in other cases from disappointment in the trade of the present season.

Secondly, there is a growing conviction that the resources of the country benefit by the economies which have been practiced. Economy, as all the great authorities on financial science tell us, is an important condition for the increase of national wealth, and as the masses of the people practice the virtues of frugality and industry, so will the whole nation grow in productive power and resources. From this principle we may infer that the dullness of business, which is so loudly complained of, as though it were a discouraging symptom, is really a wholesome indication, and foretokens a gradual revival of general business in the not distant future. This hopeful view of the financial situation is certainly popular, and the arguments in its favor have considerable weight.

Thirdly, the movements in the money market have been somewhat affected by the decrease of the coin reserve in the Bank of England, and by the shipment of gold from this port. It is somewhat remarkable that all our gold shipments so far this month have gone to France and not to England. For reasons which have been frequently expounded of late in the Banker's Magazine, France is the creditor nation of the world, and notwithstanding the extraordinary efforts which England is making to attract gold, the bullion reserve decreased in the Bank of England during the past week £623,000, and increased in the Bank of France 11,321,000 francs. To show the recent decline in the Bank of England reserve of coin, we give the following figures, which comprise the latest returns by mail:

COIN RESERVE AND DEPOSITS OF THE BANK OF ENGLAND.

Date.	Circulation, excluding Bank Post Bills.	Coin and Bullion.	Deposits.	Securities in Banking Department.	Reserve.	Rate of Discount. Per ct.
July 29....	£26,705,025	£22,478,318	£22,628,566	£30,181,020	£10,773,293	2½
Aug. 5....	27,331,865	21,539,939	22,047,687	31,199,428	9,208,074	3
12....	26,955,650	21,858,445	22,458,867	30,945,888	9,902,795	4
19....	26,489,785	22,541,378	23,108,221	30,476,049	11,051,593	—
26....	26,332,875	23,078,119	23,856,007	30,474,110	11,745,244	3½
Sept. 2....	26,817,375	22,983,677	23,628,042	31,163,952	11,166,302	3
9....	26,498,335	23,244,107	23,628,077	30,562,222	11,745,772	—
16....	26,243,065	23,364,615	23,948,422	30,514,410	12,121,550	—
23....	26,023,995	23,315,964	24,106,601	30,540,725	12,291,969	—
30....	27,276,995	23,090,300	24,838,641	32,721,109	10,813,305	—
Oct. 7....	27,603,350	22,639,572	26,631,444	34,627,026	10,036,222	—
14....	27,660,430	22,066,256	25,905,036	34,546,423	9,405,826	4
21....	27,031,365	21,456,594	25,481,480	34,126,327	9,425,229	—
28....	26,745,765	21,341,381	24,706,540	33,156,238	9,595,616	—
Nov. 4....	27,268,920	21,098,541	23,322,328	32,570,194	8,829,621	—

Considerable discussion has been excited as to whether this drain of gold will continue, and as to its probable effects on the money market here. Arising, as it does, partly from the efforts of France to accumulate a specie reserve for the resumption of specie payments, and partly from the expected demonetization of silver in Germany next January, the drain has not, till lately, seemed very likely to abate. But the cable dispatches show that the Reichstag will impose obstacles to the demonetization. Some part of the imperial monetary policy of Germany may thus be postponed till a later period. Should this happen, the drain which has caused so much anxiety will perhaps cease. Much of the alarm which it has provoked here and abroad, is due to the fact that the Bank of England coin reserve has fallen to 20 millions, which is a limit never reached without awakening profound apprehension. More than one-half of this coin reserve is liable at any moment to be drawn out by the joint-stock banks, whose aggregate deposits exceed 100 millions sterling, and who keep one-tenth of this sum in the Bank of England, thus securing to themselves two advantages: [1] the right to claim unlimited discounts in time of pressure; and [2] the right to draw out their balances in gold if these discounts should, in a financial crisis, be denied. The general effect of this arrangement is, that the joint-stock banks hold the right to treat as their own ten or twelve millions sterling of the coin reserve of the Bank of England, securing the same power over it as if it were *their* coin reserve, provided at their own expense, and stored in their own vaults. Since the repeal, in 1857, of the Bank-law of 1845, which was intended by its author, Sir R. Peel, to effect a wholesome reform in this state of things, there has been in England no statute compelling the banks outside of the Bank of England, to publish their statements oftener than twice a year. There is also no legal obligation compelling them to hold a coin reserve. Taking advantage of this loose condition of the law, the joint-stock banks have evaded the obligation of keeping their own coin reserve, and have relied almost wholly on that of the Bank of England. This is, undoubtedly, the weakest point in the financial situation of Great Britain, and it helps to account for the unusual trepidation which has been lately caused in some quarters by the drain of gold from England. As to its effects upon our own monetary movements, they have, we think, been overestimated. But it has a prominent place among the circumstances controlling our money market, and it does not seem as yet to have wholly spent its force. How far the averages of our New York banks have responded to the movements above pointed out, is shown in the subjoined table:

1867.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Weekly Clearings.
Oct. 5	281.277,000	18,374,200	63.966,100	25,419,600	236.925,900	516.055,766
" 12	281,377,800	16,946,700	62,394.200	25,115,800	233,471,200	481,795.675
" 19	282,275,200	15,007,800	60,697,000	25,060,500	230,222,700	465,875.347
" 26	281,873,700	13,585,200	58,830,800	25,013,500	226,304,800	447,768,716
Nov. 2	281,958,700	12,021,100	59,621,600	25,057,500	225,852,700	394,770,672
" 9	285,066,700	12.574,800	59,451,700	25,082,900	226.753.900	446,534,180
" 16	283.788,100	16,888,200	59,525,100	24.832,500	229 994.200	450,309,151

The Philadelphia banks report the following statement:

	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.
Oct. 5	$ 61.369,922	$ 370,469	$ 15.666,675	$ 11,419,685	$ 48,414,915
" 12	61.322,241	335,160	14,540,906	11,451,317	48,285,262
" 19	61,761,307	326,049	14,298,008	11,427,512	48,559.244
" 26	61,440.942	313,325	14,252.572	11.436.603	47.972,670
Nov. 2	60,992,399	292,867	14,806,758	11,389.267	48.537,254
" 9	61.234 897	325.955	14,916,057	11,340,784	48.152,869
" 16	61,211,860	347,170	14,634,729	11.329,987	48,921,022

Gold, for the first time in several months, has shown a decided tendency to advance. This is due partly to the disturbance above referred to in the European money markets, and partly to the return of our securities from abroad, which has been more active than at any time since the panic. This import movement is confined to a few choice securities, for which discriminating investors here are willing to pay higher prices than those now ruling in Europe. A slight rise in the premium is not regarded as mischievous at this time of the year, when our cotton and breadstuffs are being more actively concentrated at the seaboard for exportation. The highest price struck during the month is 111⅝, which is the closing price to-day. In foreign exchange there has been some excitement. On the rise of the Bank of England minimum to 5 per cent. a week ago, the quotations advanced to 4.87 for sixty day bills. These rates checked business, and quotations weakened until some considerable purchases for German account steadied the market. The German demand was not large, and it was intended to cover the value of securities lately imported. Our bankers are rather indisposed to draw very freely in the present uncertainty of the Transatlantic money markets. Subjoined are the quotations:

November 23, 1874.	60 *days.*	3 *days.*
Prime bankers' sterling bills	4.85½ *a* 4.86	4.89¾ *a* 4.90½
London good bankers' do.	4.84 *a* 4.85½	4.89½ *a* 4.90
London prime com. ster. do.	4.84 *a* 4.85	4.88½ *a* 4.89½
Paris (francs)	5.15⅝ *a* 5.14⅜	5.13⅛ *a* 5.11⅞
Antwerp (francs)	5.16¼ *a* 5.15	5.13⅛ *a* 5.11⅞
Swiss (francs)	5.16¼ *a* 5.15	5.13⅛ *a* 5.11⅞
Amsterdam (guilders)	41⅛ *a* 41¼	41½ *a* 41⅝
Hamburg (reichmarks)	95 *a* 95¼	96⅛ *a* 96⅜
Frankfort (reichmarks)	95 *a* 95¼	96⅛ *a* 96⅜
Bremen (reichmarks)	95 *a* 95¼	96⅛ *a* 96⅜
Prussian (reichmarks)	95 *a* 95¼	96⅛ *a* 96⅜

At the Stock Exchange Government securities show considerable activity and prices are firm, notwithstanding the supply of bonds from Europe, the activity of which seems to be abating. The cable facilities are now so perfect, and the connections of our bankers abroad have so rapidly developed, that much smaller variations in the markets produce sales of Governments on sellers' option by the foreign houses. Quotations closed firm with a disposition to advance, and a good demand for home investment. The new fives have risen to 112⅜, the five-twenties

of 1862 to 112¼, and the sixes of 1881 to 118½. Railroad bonds are firm for the well-known old issues, and private investors seem to be buying these bonds, as they pay better interest than Governments. State bonds show more activity, and there is an active but not large speculative inquiry for Southern bonds. Alabama's are firmly held, and North Carolina's and Virginia's are steady; Tennessee's are dull. In railroad shares there is little movement, but the indications are regarded as favorable, though some of the leading shares are depressed.

QUOTATIONS:	*Oct.* 28.	*Nov.* 2.	*Nov.* 9.	*Nov.* 16.	*Nov.* 23.
Gold	110¼	110¼	110⅜	111⅛	111⅝
U. S. 5-20s, 1867 Coup.	117⅝	117⅞	117⅞	118⅞	119⅛
U. S. new Fives Coup.	112⅝	111⅝	111½	112½	112⅝
West. Union Tel. Co.	79½	79⅛	79⅝	81	80⅛
N. Y. C. & Hudson R.	100⅝	102⅛	102⅜	102¾	101½
Lake Shore	79½	80⅝	81⅝	82½	80⅝
Chicago & Rock Island	96⅜	97¼	99⅛	101¼	100⅞
New Jersey Central	104¾	106¼	106¾	107½	107
Erie	28⅜	28½	28¾	29⅝	27⅞
Bills on London	4.84*a* 4.84½	4.84*a* 4.85	4.86*a* 4.86½	4.85½*a* 4.86	4.85*a* 4.86
Treasury balances, cur.	$ 56,081,936	$ 55,943,522	$ 54,598,758	$ 52,977,359	$ 52,185,518
Do. do. gold	59,283,068	60,834,969	55,753,953	55,760,734	54,664,609

The following table compares the foreign imports at this port for the last ten months with the returns for the two previous years:

Foreign Imports at New York for Ten Months from January 1.

	1872.	1873.	1874.
Entered for consumption	$ 174,634,901	$ 154,942,487	$ 150,994,130
Entered for warehousing	156,435,717	109,559,827	95,993,351
Free goods	44,866,612	74,458,390	92,252,831
Specie and bullion	5,265,429	13,771,361	5,453,284
Total entered at port	$ 381,202,659	$ 352,732,065	$ 344,693,596
Withdrawn from warehouse	139,562,819	104,701,744	93,750,740

These figures represent, of course, the foreign cost in gold, freight and duty not included. The exports for the same period show a large increase in free goods, nearly one-half of the aggregate being tea and coffee.

Exports from New York to Foreign Ports for Ten Months from January 1.

	1872.	1873.	1874.
Domestic produce	$ 182,476,854	$ 237,366,385	$ 232,658,284
Foreign merchandise, free	1,256,003	1,721,948	1,872,328
do. dutiable	8,059,904	7,410,440	5,916,500
Specie and bullion	63,111,513	43,666,548	44,275,987
Total exports	$ 254,904,274	$ 290,165,321	$ 284,723,099
do. exclusive of specie	191,792,761	246,498,773	240,447,112

DEATHS.

AT NEW LONDON, CONN., on Sunday, October 18th, aged eighty-nine years, ROBERT COIT, formerly President of the SAVINGS BANK and of the UNION BANK of New London.

AT OMAHA, NEB., on Thursday, November 5th, aged fifty-four years, EDWARD CREIGHTON, President of the first NATIONAL BANK of Omaha since its organization.

AT NEW YORK, on Thursday, November 19th, aged seventy-one years, JOSEPH STUART, of the firm of J. & J. Stuart, bankers, and Vice-President of the MERCANTILE NATIONAL BANK.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

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FINANCIAL ASPECTS OF THE PRESIDENT'S MESSAGE.

Ever since men began to reason at all upon the phenomena and the laws of industrial growth, they have always recognized the important functions devolved upon that delicate instrument of exchange which we call Money. Modern economists are divided into two great schools on this subject. The English writers for the most part regard money as having nothing to do but to aid in Distribution. The French economists contend for a wider theater in which money performs its functions. They place it, therefore, among the agents of Production. President Grant, in his Message, takes the French view of the functions of money; he contends that we must look to our monetary system for part, at least, of the causes which depress production. At the opening of his Message he sets forth this view in very pointed and striking language. He points to the prostration of business, and the paralysis of productive power, which are greater than for many years past.

"During this prostration," he says, "two essential elements of prosperity have been most abundant—labor and capital; both have been largely unemployed. Where security has been undoubted, capital has been attainable at very moderate rates. Where labor has been wanted it has been found in abundance, at cheap rates, compared with what of necessaries and comforts of life could be purchased with the wages demanded. Two great elements of prosperity, therefore, have not been denied us. A third might be added. Our soil and climate are unequaled, within

the limits of any contiguous territory under one nationality, for its variety of products to feed and clothe a people, and in the amount of surplus to spare to feed less favored peoples. Therefore, with these facts in view, it seems to me that wise statesmanship at this session of Congress would dictate legislation ignoring the past, directing in proper channels these great elements of prosperity to any people."

Two subjects of legislation are next proposed. First, the public credit, which must be jealously guarded by a faithful payment in coin of the National debt, and the interest thereon; and secondly, the currency, whose integrity is of the highest importance. On the last of these points, the President says: "A great conflict for National existence made necessary for temporary purposes the raising of large sums of money from whatever source attainable. It made necessary in the wisdom of Congress, and I do not doubt their wisdom in the premises regarding the necessity of the times, to devise a system of National currency which proved to be impossible to keep on a par with the recognized currency of the civilized world. This begot a spirit of speculation, involving an extravagance and luxury not required for the happiness or prosperity of a people, and involving, both directly and indirectly, foreign indebtedness. The currency being of a fluctuating value, and therefore unsafe to hold for legitimate transactions requiring money, became a subject of speculation in itself.

"Our commerce should be encouraged; American shipbuilding and carrying capacity increased; foreign markets sought for the products of the soil and manufactories, to the end that we may be able to pay these debts. Where a new market can be created for the sale of our products, either of the soil, the mine, or the manufactory, a new means is discovered of utilizing our idle capital and labor to the advantage of the whole people. But, in my judgment, the first step toward accomplishing this object is to secure a currency good wherever civilization reigns—one which, if it becomes superabundant with one people, will find a market with some other—a currency which has as its basis the labor necessary to produce it, which will give to it its value. Gold and silver are now the recognized mediums of exchange the civilized world over, and to this we should return with the least practicable delay. In view of the pledges of the American Congress, when our present legal-tender system was adopted and debt contracted, there should be no delay, certainly no unnecessary delay, in fixing, by legislation, a method by which we will return to specie payments. To the accomplishment of this end I invite your special attention. I believe firmly that there can be no prosperous and permanent revival of business and industries until a policy is adopted, with legislation to carry it out, looking to a return to a specie basis."

As to the difficulties to be surmounted, General Grant does not underestimate them. He says: "It is easy to conceive that the debtor and speculative classes may think it of value to them to

make so-called money abundant, until they can throw a portion of their burdens upon others; but even these, I believe, would be disappointed in the result, if a course should be pursued which will keep in doubt the value of the legal-tender medium of exchange. A revival of productive industries is needed by all classes, and by none more than the holders of property, of whatever sort, with debts to liquidate from the realization upon its sale.

"But, admitting that these two classes of citizens are to be benefited by expansion, would it be honest to give it? Would not the general loss be too great to justify such relief? Would it not be just as honest and prudent to authorize each debtor to issue his own legal tenders to the extent of his liabilities? Than to do this, would it not be safer, for fear of over-issue by unscrupulous creditors, to say that all debt obligations are obliterated in the United States, and now we commence anew, each possessing all he has at the time free from incumbrance.

"These propositions are too absurd to be entertained for a moment by thinking or honest people. Yet every delay in preparation for final resumption partakes of this dishonesty, and is only less in degree as the hope is held out that a convenient season will at last arrive to commence the good work of redeeming our pledges. It will never come, in my opinion, except by positive action by Congress, or by national disasters, which will destroy for a time the credit of the individual and the State at large. A sound currency might be reached by total bankruptcy and discredit of the integrity of the nation and of individuals. I believe it is in the power of Congress at this session to devise such legislation as will renew confidence, revive all the industries, start us on a career of prosperity to last for many years, and to save the credit of the nation and of the people. Steps toward the return to a specie basis are the great requisites; there are others which I may touch upon hereafter."

Of the disadvantages of a paper currency the President singles out two for special notice. He states them as follows: "(1.) Having no use for the world's acknowledged mediums of exchange, gold and silver. These are driven out of the country because there is no demand for their use. (2.) The medium of exchange in use being of a fluctuating value—for, after all, it is only worth just what it will purchase of gold and silver metals, having an intrinsic value, just in proportion to the honest labor it takes to produce them—a larger margin must be allowed for profit by the manufacturer and producer. It is months from the date of production to the date of realization. Interest upon capital must be charged, and the risk of fluctuation in the value of that which is to be received in payment added. Hence, high prices acting as a protection to the foreign producer, who receives nothing in exchange for the product of his skilled labor, except a currency good at no staple value the world over. It seems to me that nothing is clearer than that the greater part of the burden of existing pros-

tration for the want of a sound financial system falls upon the working man, who must, after all, produce the wealth, and upon the salaried man, who superintends and conducts business. The burden falls upon them in two ways—by the deprivation of employment and by the decreased purchasing power of their salaries."

As the currency policy of the President is already exercising no small influence upon the deliberations of Congress, we cite the methods proposed in the Message with a view to resumption. They are set forth in the following terms:

"It is the duty of Congress, and not mine, to devise the method of correcting the evils which are acknowledged to exist. I will venture to suggest two or three things which seem to me as absolutely necessary to a return to specie payments—the first great requisite in a return to prosperity. The legal-tender clause of the law authorizing the issue of currency by the National Government should be repealed, to take effect as to all contracts entered into after a day fixed in the repealing act; not to apply, however, to payments of salaries by Government, or for other expenditures now provided for by law to be paid in currency. In the interval pending between the repeal and final resumption, provision should be made by which the Secretary of the Treasury can obtain gold, as it may become necessary, from time to time, from the date when specie resumption commences. To this might and should be added a revenue sufficiently in excess of expenses to insure an accumulation of gold in the Treasury to sustain redemption. I commend this subject to your careful consideration, believing that a favorable solution is attainable, and that, if reached by this Congress, the present and future generations will ever gratefully remember it as their deliverer from a thraldom of evil and disgrace. With resumption, free banking may be authorized with safety, giving full protection to bill-holders which they have under existing laws. Indeed, I would regard free banking as essential. It would give proper elasticity to the currency; as more currency should be required for the transaction of legitimate business, new banks would be started, and, in turn, banks would wind up their business when it was found there was a superabundance of currency. The experience and judgment of the people can best decide just how much currency is required for the transaction of the business of the country. It is unsafe to leave the settlement of this question to Congress, the Secretary of the Treasury, or the Executive. Congress should make the regulation under which banks may exist, but should not make banking a monopoly by limiting the amount of redeemable paper currency that shall be authorized. Such importance do I attach to this subject, and so earnestly do I commend it to your attention, that I give it prominence by introducing it at the beginning of this message."

It is impossible to overestimate the obligations which the nation owes to President Grant for the firm stand he has made against inflation. The efforts of the expansionists culminated last

session in one of the most resolute, bold, adroit and dangerous attacks upon our currency system which has ever been organized. But for the opposition of the President, this attempt would have succeeded. Although, however, the country at large is deeply sensible of what we owe to the President in this regard, and, although his action is based on a theory of the currency, which is undoubtedly sound and in accordance with economic science, still it does not follow that Congress or the people will be ready to take without delay the further steps which the President has suggested. It may be safe, it certainly is indispensable, that the legal-tender act should be repealed, that the Treasury should accumulate gold, that for this purpose taxation should be increased, that free banking should be established with notes convertible into coin on demand. All these indispensable conditions of a sound currency system will, as the President says, require to be established by the authority of Congress. On this point there is no conflict of opinion. What is doubted is the *time* and the *order* in which these steps shall be taken. The general opinion in mercantile and financial circles undoubtedly is that the country needs rest; that the turmoil of Congressional meddling with the currency should cease; that we should watch the effect of the recent legislation, and estimate its precise value and force before further reforms can with advantage be entered upon.

This decision will in all probability be respected by Congress. In spite of efforts made by the expansionists to kindle once more the flame of currrency agitation, the present temper of the National Legislature is evidently hostile to further legislation in the path of currency reform. With thoughtful men, the great object is to hold all the ground that has been won in the past, and to prepare for further advance when the country shall, by rest and recuperative delay, be ready to take the next step toward specie payments.

That this policy is a wise one, appears from the nature and functions of the currency as expounded at the beginning of this article. Whichever of the two opinions we espouse relative to the functions of the currency, the inference will be in favor of delaying further experiments of resumption-legislation. If we accept the English theory, that money is an instrument for the Distribution of wealth, without much influence on Production, then the inconveniences of delay in regard to currency reforms will be confined to one very narrow branch of economic activity. Hence the delay, if wholesome and needful, can easily be compensated by other distributive arrangements; and indeed it will tend, like all subordinate perturbations in the industrial organism, to develop its own compensations. If, however, we accept the French view of the functions of currency, then the necessity of the delay we recommend will be inmeasurably augmented. For, the currency, being an instrument of Production as well as of Distribution, possesses functions too sensitive, too delicate, too elastic, and too powerful

to admit of being rashly touched with impunity. That the latter theory is the true one, we believe, in common with the leading American economists. Holding this theory, we contend that our greenback currency shall be kept for the next year or two as stable and tranquil in value as possible. Hence we oppose all attempts to unsettle it, or to give it instability by the perpetual agitation in Congress of impracticable, untimely, and abortive schemes for the resumption of specie payments.

Although the greenback currency should be let alone for the present, and the people generally are hostile to any schemes for disturbing its stability, there is a growing conviction that circumstances are favorable for repealing the legal-tender properties of the National bank-notes. Most of the purposes for which these legal-tender privileges were at first conferred have long been fulfilled, and since the National Treasury has assumed the obligation of redeeming these notes, many of the managers of the National banks hold the opinion that the bank-notes can sustain themselves without the mischievous legal-tender functions, which should cease, and be discarded as having long outlived and fulfilled their original design.

Some of the friends of General Grant have expressed surprise that the Message does not refer to other financial reforms which the President is believed to be inclined to favor. Among these one of the most important is a system of agricultural credit, which shall cause loans to be easier of access to our farmers, especially in the Western States. It is well known that such systems flourish abroad, and no valid reason can be found why they should not be equally conducive to agricultural progress in this country. In our three thousand banks and banking institutions abundant development has been given to one side of the great fabric of our financial system,—that which has to do with mercantile credits. Some other parts of that great edifice have been neglected, and are very backward. The time seems to be near when a vigorous impulse can with advantage be given to these defective points which await the creative hand of some wise master builder. If report is to be believed, the President has given much thought to this question, and if in concert with his advisers he can suggest some feasible, solid method of realizing the beneficent objects proposed, he will certainly shed a lustre upon his administration and confer lasting advantages on the country. Whether it is to this subject that the President refers in his promise to make shortly some further suggestions of financial reforms for the consideration of Congress, is a question which we can not answer. What is certain is, that the project we have indicated will be realized at no very distant day, and that we shall, either with or without Government inspection and control, create a system of Agricultural American Credit which will be as widely useful here as have been the Credit Foncier organizations of the Continent of Europe for the last hundred years.

MR. SECRETARY BRISTOW'S REPORT.

The report of the Secretary of the Treasury has produced a favorable impression throughout the country. The dissatisfaction with which its wholesome suggestions about specie payments are in some quarters regarded is slight and confined to a few persons, while the vigorous earnestness of its discussion of this and other topics renders it one of the most popular, timely, and useful State papers that have ever issued from the National Treasury. The receipts for the fiscal year have amounted to $289,478,756 and the expenses to $287,133,873, leaving a surplus revenue of $2,344,882. For the current year Mr. Bristow estimates the revenues at 284 millions, the expenses at 275 millions, and the surplus at nine millions. This surplus will be applied to the sinking fund, which by law requires an aggregate of $31,096,545. Unless, therefore, the actual receipts of the Treasury shall exceed the estimates, there will be a deficiency in the sinking fund account for this year of 22 millions. As, however, in previous years of surplus a larger amount of the debt was paid off than the sinking fund law required, some persons have argued that the excess should be reckoned to the sinking fund account. If this can be done, the expedient would obviate the necessity of imposing any special taxes for the purpose of supplying the deficiencies of the sinking fund. This deficiency amounted last year, we believe, to about 18 millions; which, with the estimated short coming this year, will give an aggregate of 40 millions of dollars.

To relieve the pressure of the debt on the resources of the country, the work of funding the public obligations at a lower rate of interest was begun several years ago. It is still going on. Mr. Bristow gives a succinct narrative of his own negotiations in regard to this refunding operation. He says: "On assuming charge of this department, June 3, 1874, the Secretary found the balance of the five per cent. loan authorized by the acts of July 14, 1870, and January 20, 1871, then unissued, to be $178,548,300. During the month of June proposals were received from several parties desiring to negotiate these bonds, but they were not deemed satisfactory, and were consequently declined. On the 2d day of July a circular was issued by the Secretary, inviting proposals, and in response thereto bids from various parties, at home and abroad, were received, the aggregate amount of which was $75,933,550. Of this amount, $20,933,550 comprised the domestic bids, and $55,000,000 the joint proposal of Messrs. N. M. Rothschild & Sons, of London, and Messrs. J. & W. Seligman & Co., of New York. The domestic bids at par and above, which were accepted by the department, aggregated $10,113,550, and those at less than par, which were rejected, amounted to $10,820,000.

"The proposal for $55,000,000 excluded the acceptance of all other bids, and provided that the parties should purchase

$10,000,000 on or before August 1, 1874, and the remaining $45,000,000 at their pleasure, in several successive installments, prior to February 1, 1875; also that they should have the option of the entire balance of the five per cent. loan, $122,688,550, until the expiration of six months from January 31, 1875, and that the Secretary should keep an agent in London to deliver new fives and receive payment therefor. This proposition was modified, and on the 28th day of July a contract was entered into between the Secretary and Messrs. August Belmont & Co., of New York, on behalf of Messrs. N. M. Rothschild & Sons, of London, England, and assoociates, and Messrs. J. & W. Seligman & Co., of New York, for themselves and associates, for the negotiation of $45,000,000 of the five per cent. bonds, the contracting parties having deposited with the United States Treasury two per cent. of the amount subscribed for, as a guarantee for the fulfillment of their agreement.

"The conditions of the contract are substantially as follows: The contracting parties to have the option of the balance of the loan, viz.: $ 122,688,550, until January 31, 1875; to be allowed one-quarter of one per cent. commission upon the amount taken; they agreeing to subscribe for 15,000,000 of the before-mentioned amount—$ 45,000,000—on the first day of August, 1874, and to subscribe for the remaining amount—$ 30,000,000—at their pleasure, in amounts of not less than $ 5,000,000 each, prior to the 31st day of January, 1875. The contract also allows the parties the exclusive right to subscribe for the remainder or any portion of the five per cent. bonds authorized by the acts of Congress aforesaid, by giving notice thereof to the Secretary of the Treasury prior to January 31, 1875.

"The agreement on the part of the Secretary of the Treasury, with the parties before mentioned, is to issue calls of even dates with their subscriptions for the redemption of an equivalent amount of six per cent. five-twenty bonds, as provided by the act of July 14, 1870. The subscribers agree to pay for said five per cent. bonds par and interest accrued to the date of maturity of each call, in gold coin, United States coin coupons, or any of the six per cent. five-twenty bonds called for redemption; they also agree to defray all expenses incurred in sending bonds to London, upon their request, and in transmitting bonds, coin, United States coupons, or gold coin to the Treasury Department at Washington.

"On account of the subscriptions of Messrs. Rothschild and Seligman, and their associates, and those of home subscribers, calls for six per cent. five-twenty bonds of the loan of February 25, 1862, have been made as follows: August 1, 1874, $ 25,000,000; September 1, 1874, $ 15,000,000; October 1, 1874, $ 10,000,000; November 2, 1874, $ 5,000,000; total, $ 55,000,000. The excess of subscriptions over calls—viz., $ 113,550—has been provided for by uncalled bonds which have been received by

the department in payment for that amount. The larger portion of the bonds subscribed for has thus far been negotiated in Europe, where exchanges are still being made."

The Secretary next proceeds to the subject of specie payments. He lays down the fundamental principle that the chief obstacle to resumption is the fact that there is a large amount of currency outstanding, in excess of the legitimate needs of business, and he shows that this notorious fact should serve to dispel the fallacy that greater expansion of currency is the proper remedy for the general depression and contraction of the volume of business. These sound views of currency reform he discusses in a very lucid manner, as follows:

"While it seems to be very generally conceded that resumption of specie payment is essential to the honor of the Government and to the general welfare, the views of intelligent and well-informed persons as to the best method of resumption are so widely divergent, and the plans that have been suggested so multifarious, that the Secretary feels embarrassment in suggesting a plan, the details of which will commend themselves to Congress. But there are one or two fundamental ideas underlying the subject, which, it is believed, must be the basis of any practicable plan for resumption, and are, therefore, submitted for the consideration of Congress. It is obvious that there can be no resumption by the Government so long as the volume of paper currency is largely in excess of the possible amount of coin available for that purpose which may come into the Treasury in any year, and while no provision is made for the conversion of this paper money into anything having a nearer relation to coin; nor is it possible for the banks or people to resume so long as the large amount of irredeemable paper now in circulation continues to be by law legal tender for all private debts with reference both to the past and the future.

"While this state of things lasts gold will continue to flow from us, and find employment where the natural laws of trade, unobstructed by restraining legislation, make its daily use indispensable. The Secretary, therefore, recommends Congress to provide by law that after an early and fixed day United States notes shall cease to be legal tender as to contracts thereafter made. But this provision should not apply to official salaries or to other ordinary expenditures of the Government under then existing contracts or appropriations. Between the day thus to be fixed and the time of final resumption a sufficient period should elapse to enable the people and banks to prepare for the latter by such gradual processes in business as will neither lead to violent contraction in credit and values, nor suddenly increase the obligations of debtors. The sudden and immediate appreciation of the paper dollar to its par value in gold is not only no necessary element of redemption, but, as far as practicable, should be avoided. If during the period of the war the Legal-tender acts operated as a Bankrupt law, compelling creditors to give acquittances upon the receipt of

less than the full amount of their debts, this is no reason why the law for resumption should now compel debtors at once to pay essentially more than they have contracted to pay. The adoption of such measures as will not suddenly increase the obligations of debtors, will go far to allay and disarm whatever popular opposition to resumption of specie payment may now exist, and, besides, would be but just to the debtor class. The day from which new contracts must be discharged in coin should be fixed sufficiently far in advance to give the people and the banks time to understand it and to prepare themselves for it. It is believed that not many months will be necessary for that purpose; but, to avoid the mischiefs already indicated, this day should precede the day of final resumption by a longer period. The time should not, in the opinion of the Secretary, be extended beyond three years, and might safely be made as much less as in the judgment of Congress would sufficiently protect the interest of debtors and avoid the evils of too sudden contraction.

"The law should also authorize the immediate conversion of legal-tender notes into bonds bearing a low rate of interest, which, while inviting conversion, should not be so high as to appreciate the legal-tender notes rapidly, and thereby operate oppressively on the debtor class. As an additional inducement to the conversion of United States notes into these bonds at a low rate of interest, authority should be given for making them security for the circulation of National banks. The law should further provide the means for the redemption of such notes as may be presented for that purpose when the period of resumption shall have been reached. To this end, the Secretary should be authorized to make a loan not exceeding the total amount of notes remaining unconverted at the time of resumption, less the surplus revenue to be made applicable to such resumption. It is probable that the gradual and continued revival of business will so far increase the revenues that a large loan will not be required for this purpose; but it is advisable that the Secretary be authorized to make it in order to meet the contingency of a failure of sufficient surplus revenues. Such a loan should be made by issuing bonds to run for such time as the wisdom of Congress may suggest, and to be disposed of from time to time as the necessities of the case may require. In the opinion of the Secretary these bonds should run for a long period, and should bear interest at a rate not exceeding the lowest rate which the Government may then be paying in refunding its six per cent. securities. Any substantial or useful movement for resumption necessarily involves supplying the Treasury with increased amounts of coin, either by increased revenues or an adequate loan. The present condition of the credit of the Government, which would be further enhanced by the adoption of measures for a return to a specie basis, leaves no room for doubt that a loan for such purpose would be readily taken at a low rate of interest. Measures should also be adopted requiring the banks to hold gold reserves preparatory to resumption on their part.

"In view of the great and pressing importance of the speediest return to specie payment consonant with steadiness of business and avoidance of violent and sudden contraction, discussion of mere details in advance becomes of little practical consequence. What is demanded by the best interests of the Government and the people, and by the highest considerations of virtue and morality, is, that Congress shall undo that state of things which only the necessities of war justified or required in this respect. A wise modification of existing statutes, which neither enable nor permit the executive branch of the Government to effect the restoration of a sound currency, will leave the laws of trade free to resume their operations, and many matters of detail will adjust themselves. When the Government shall have resumed specie payment, it may be expected that gold will flow into the country in obedience to the law of supply and demand; the export of our gold product will greatly diminish, and the millions of gold which now constitute only a commodity of trade will resume its proper functions by becoming again a part of the circulating medium.

"With the adoption of the policy of resumption, free banking may safely be allowed, and the deficit of the actual amount of coin available for circulation can be supplied by bank-notes convertible into coin, in lieu of an inconvertible paper currency. The business of the country has not yet recovered from the disasters of the last year's financial panic, the causes of which it is by no means difficult to trace. It was the direct and immediate result of that excessive development of speculative enterprises, overtrading and inflation of credit which invariably follows large issues of inconvertible paper currency. The almost boundless resources and energies of the country must compel the gradual re-establishment of business, but capital, with its accustomed sensitiveness to danger, is slow to return to the avenues of trade. Values are fluctuating and uncertain. Labor receives its reward in currency that is unsteady, and whose purchasing power changes almost daily. Neither the reward of labor nor the value of commodities is measured by any certain standard.

"The enactment of a law having for its purpose the substitution of a sound and stable medium of exchange for an irredeemable paper currency will tend to restore confidence, and thus cause a revival of industries and general business. There will be no better time in the future to enter upon the work of returning to a specie basis, and the Secretary feels that he cannot too strongly urge the adoption of the measures he has indicated, or such others as will more certainly lead to the desired end."

An important part of the report is devoted to the National banking system. Mr. Bristow endorses the chief suggestions of the Comptroller of the Currency. Calling attention to the payment of interest on deposits, he recommends Congress to impose a special tax upon the amount of deposits bearing interest in State banks, private banks, and National banks. On this important ques-

tion the Secretary offers the following argument based on the reports of our Metropolitan banks.

"The capital of the forty-eight National banks of New York city was $68,500,000, with a surplus of $22,653,881; net deposits, $204,620,288; loans, $201,778,054, of which $4,721,638 were loans on United States bonds payable on demand; $51,478,,691 were loans on other stocks and bonds payable on demand, and $5,735,137 were loans payable in gold. The aggregate call-loans of the banks of New York city on the 2d of October last were $56,200,329, corresponding very nearly in amount with the same class of loans on October 3, 1872, which then stood at $56,590,363, showing that the character of the loans of the New York city banks has not materially changed since the panic of 1873. The net amount on deposit with these banks by other National banks was $56,237,452. It thus appears that nearly the whole amount of the balances due to other National banks is invested in loans payable on call. Interest is paid on a large portion of the balances due to other banks, and they must be so invested as to be readily available, such deposits being subject to far greater fluctuations in volume than a similar line of commercial deposits. The banker thus makes the broker a convenience for obtaining interest on money which he could not prudently invest in commercial paper. The statistical table of the rate of interest in New York city, prepared from daily reports, shows the following results, to wit: The average rate of interest for the past year was 3.8 per cent. on call-loans and 6.4 per cent. on commercial paper, and for the six months ending October 31, 1874, the average rate was 2.7 per cent. on call-loans and 5.6 on commercial paper. The attention of Congress has frequently been called by the Secretary and the Comptroller of the Currency to the evils arising from the payment of interest on deposits, and efforts have been made by the more conservative bankers to discourage the practice. The difficulty in the way of legislation is, that, while Congress has the power to prohibit the payment of interest on deposits by the National banks, by the imposition of penalties, it has no such power with reference to the State banks and private bankers. The only practicable legislation upon this subject which would not discriminate against the National banks would seem to be the imposition of a special tax upon all interest-bearing deposits."

Recurring to the subject of specie payments, Mr. Bristow argues that it is important to manufacture a large quantity of silver coin to take the place of the fractional notes, and, as its preparation at the mints will require considerable time, it is recommended that authority be given the Secretary to commence the manufacture of such coinage, beginning with the smallest denomination, and to gradually withdraw the fractional notes.

The amount of bullion coined in the United States mints, he reports as follows for the last fiscal year: Gold, $68,861,594.97; silver, $15,122,151.31; total, $83,983,746.28.

Deducting re-deposits, bars made at one institution and deposited at another, the deposits were: Gold, $49,142,511.06; silver, $11,484,677.78.

The gold coinage, including worn pieces recoined, was $50,442,690; silver coinage, $5,983,601; gold bars stamped, $31,485,818; silver bars stamped, $6,847,799.18. Compared with the previous year there was an increase in the gold coinage of $15,193,352.50; in silver coinage, $3,037,805.80; and in gold and silver bars, $10,816,087.57. The trade dollar has been successfully introduced into the oriental markets with advantage to American commerce. A twenty-cent silver coin being required for the purpose of convenience in making change, the enactment of a law authorizing the coinage of a piece of that denomination is recommended. The estimate of the Director of the Mint shows a gain in specie and in bullion in the last two fiscal years of about $38,000,000, and the stock of specie in the country to be about $166,000,000.

"The estimated increase of coin and bullion," the Secretary says, "is one of the evdences of a gradual recuperation of the country from the effects of a destructive civil strife, and, in connection with an annual production of about $70,000,000 of the precious metals, affords encouragement that a stock of coin may, within reasonable time and with favorable legislation, accumulate to an extent sufficient to enable resumption of specie payments to be undertaken and maintained. There would appear to be no doubt that bullion converted into coin will, as a general rule, remain longer in the country than if left in an uncoined condition to seek foreign markets. Our policy should, therefore, be to encourage the coinage of both gold and silver. With respect to the charge made under existing laws for the coinage of gold, which in this country is the standard metal, it no doubt tends to create an adverse exchange, and causes bullion to be exported to London, where no charge for coinage of gold is made. The expediency of continuing the charge in the present financial condition of the country may well be doubted."

As to the condition of commerce and navigation, Mr. Bristow reports that the export of coin and bullion was $24,952,138 less than for the preceding year, while the exports of domestic merchandise have increased $63,803,118. There appears to have been a decrease in importations for the last year of $74,729,868 as compared with the previous fiscal year, and of $59,188,735 as compared with the fiscal year ended June 30, 1872. He says: "Little improvement is observable in the foreign carrying trade; over seventy-two per cent. of our imports and exports during the last fiscal year was carried in foreign vessels. This ratio is, however, a somewhat better exhibit than for the fiscal year 1872, when seventy-six per cent. of this trade was transported in vessels of other nations. It is estimated that, prior to 1860, from seventy-five to eighty per cent. was done in vessels of the United States. From the report

of the Register of the Treasury, the total tonnage of vessels of the United States appears to be 4,800,652 tons, being an increase over that of the fiscal year ended June 30, 1873, of 104,626 tons, notwithstanding the omission from the official returns, under the act of April 18, 1874, of canal-boat tonnage, amounting to 133,065 tons. The tonnage of vessels built during the last fiscal year, as given in the report of the Register, is 432,725 tons, which amount exceeds that of the preceding year by 73,479 tons, and is greater than that of any year since 1855."

We recently called attention to the fact that the Pacific railroads would be required to contribute to the United States Treasury five per cent. of their net earnings. Mr. Bristow refers to this important source of Government revenue; he says that "By the sixth section of the act approved July 1, 1862, to aid in the construction of the Pacific Railroad, and subsequent legislation, the Central, Union, Central Branch of the Union, Sioux City and Pacific, Kansas, and Western Pacific Railroad Companies are required, from the date of the completion of their several roads, to pay the United States five per centum of their annual net earnings. Congress, at its last session, by an act approved June 22, 1874, directed the Secretary of the Treasury to demand of the Treasurer of each of said companies all sums due to the United States, and in default of payment for sixty days thereafter, to certify that fact to the Attorney-General, who is required thereupon to institute such legal proceedings as may be found necessary to enforce payment thereof. The twentieth section of this act required the companies to make annual reports to the Secretary of the Treasury, which, if made, would show their annual net earnings; but, by subsequent legislation, they were directed to make this report to the Secretary of the Interior. They have not, however, as it appears, fully complied with this requirement."

"Upon information derived from other sources, estimates have been made approximating as nearly as practicable the net earnings of these railroad companies, and demands have been made for the payment of the amounts thus ascertained. Demand in writing has been served personally upon the treasurer of each company. The aggregate amount now due from all the companies upon the best data at hand, closely approximates $3,000,000. Should payment not be made within sixty days, the matter will be reported to the Attorney-General, in conformity to the requirement of the act of June 22, 1874."

Among the fiscal recommendations which the Secretary offers for the consideration of Congress, the most important are the repeal of the stamp duty on bank checks, the re-imposition of the tea and coffee duties, and the addition of ten cents a gallon to the tax on spirits. He also recommends a revision of some of the regulations relative to the import duties by a special commission.

From the decline in the receipts from internal revenue and from customs duties he argues the importance of reducing the expenses of collection, and of enforcing the most rigid economy in every department of the public expenditures.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

The report of Mr. Knox on the National Banks is, as usual, an elaborate document, and it will be read with the more attentioı in consequence of the new legislation which has already begun to show its effects in the operation of the banking system. During the past year seventy-one National banks have been organized, with an authorized capital of $6,745,500. Three banks have failed during the year, and twenty have gone into voluntary liquidation. The total number of banks organized under the national currency law since the first enactment of 28th February, 1862, is 2,200; of these, thirty-five banks have failed and one hundred and thirty-seven have gone into voluntary liquidation; 2,028 banks in operation 1st Nov., 1864.

The capital of the National banks is now $493,765,121, as shown by the October reports of 1874. In October, 1870, the aggregate capital was $430,399,301. The deposits have increased from $501,407,587 in 1870 to $669,068,996. The notes issues have risen from $291,798,640 in 1870 to $333,225,298 in 1874. The loans have risen from $712,767,453 in 1870 to $949,870,628 in 1874. The average reserve in October, 1870, was 20.9 per cent. for the country banks, and 29 per cent. for the redemption cities. In October, 1874, the reserve stood at 34.3 per cent. for the country banks, and at 33·9 per cent. for the redemption cities. The inference is that the banking system is not only larger, but stronger than it was four years ago. Mr. Knox elucidates this fact by elaborate tables.

Among the novel statistical matter, we observe in the report a table showing the distribution of the banks in the great centers and in the interior. Of our 2,004 banks, 48 are in New York city; 94 in Boston, Philadelphia and Baltimore; 88 in the 12 other redemption cities, while the remaining 1,774 are country banks. How the capital, deposits, loans and circulation are distributed is shown in a series of elaborate tables, which will be of service for future reference. We compile the following summary of the chief facts:

	Total New York City. 48 *banks.*	*Boston, Philadelphia and Baltimore.* 94 *banks.*	*Other Redemption cities.** 88 *banks.*	*Total Country banks.* 1,774 *banks.*	*Aggregate in all the States.* 2,004 *banks.*
Capital and Surplus...	$91,153,881	$101,419,269	$60,790,491	$369,359,587	$622,723,228
Deposits....	201,323,282	114,200,822	74,554,311	278,990,581	669,068 996
National Bank Notes...	25,291,781	44,039,276	29,124,202	234,770,039	333,225,298
Loans and Discounts...	199,777,054	171,438,221	100,360,154	466,295,198	949,870,627
Specie...............	14,406,267	2,776,909	1,682 477	2,375,292	21,240,945
Greenbacks..........	20,874,595	12,098,851	14,146 017	32,897,483	80,016,946
U. S. Certificates......	31,555,000	7,530,000	2,970,000	775,000	42,830,000
5 p. c. Redemp. fund...	1,464,616	2,277,015	1,421,062	11,891,414	17,054,107

* These "other redemption cities" are twelve in number: Albany, Pittsburgh, Washington, New Orleans, Louisville, Cincinnati, Cleveland, Chicago, Detroit Milwaukee, St. Louis, and San Francisco.

The chief use of these comparative statistics is twofold. First, they show how the strength of the banking system is diffused throughout the country; and secondly, they give important data for comparing the future development of the National bank organism, and of ascertaining whether its growth is wholesome and normal. Stability requires that the banks in New York, which form the center of the system, should bear a certain proportion to the banks of the interior in point of capital, deposits, and legal-tender reserve. The changes of the last five years in the National banking system show, from various causes, a tendency to enlarge the country bank proportion at the expense of the great centers. Hence, the equilibrium of the whole system is believed to have suffered, and from the disturbance thus introduced into the banking movements of the country the autumn stringency of the last five or six years is supposed to have borrowed part of its severity. How far the law of June 20th, 1874, will tend to stimulate the growth of the country banks and to check the growth of the central parts of the system, it is premature as yet to attempt to predict. In estimating such changes in the distribution of the National banks in the interior, however, two facts must be carefully borne in mind. First, that the growth of capital and the extension of business is advancing with rapid strides; and secondly, that banking economies in our large cities can be used much more advantageously than in the less centralized and more sparsely populated parts of the country.

The total circulation outstanding on November 1, 1874, including the amount ($ 3,136,094) due to banks for mutilated notes destroyed, was $ 351,927,246, leaving $ 2,072,754 yet to be issued of the $ 354,000,000 authorized. Since the passage of the act of June 20, 1874, forty-six National banks have been organized, with a capital of $ 4,019,000, to which circulation has been issued amounting to $ 1,842,650. The amount of circulation still due to these banks, and to other banks previously organized, is $ 3,707,000. Applications have been made for the organization of sixty-four other National banks, with a capital of $ 5,110,000, and circulation amounting to $ 4,509,000 has been assigned to these proposed organizations. Under section 4 of the act of June 20, 1874, $ 7,714,550 of legal-tender notes have been deposited for the purpose of withdrawing from circulation the same amount of National bank-notes. The amount of circulation now at the disposal of the Comptroller, or hereafter to be placed at his disposal, for distribution from these different sources, is as follows:

The portion of the $ 354,000,000 authorized, remaining unissued	$ 2,072,754
Notes of banks which have deposited lawful money for withdrawal of circulation	7,714,550
Notes in circulation of banks in liquidation	6,492,285
Total	$ 16,279,589

It is probable that of the notes of banks whose circulation is being retired, a sufficient amount will be returned and destroyed

to supply all applications for new organizations for some months to come. The amount subject to withdrawal under sections 7 and 9 of the act of June 20, 1874, in States having more than their proportion of circulation, is as follows:

From four banks in New York city	$ 1,388,538
From seventeen banks in Providence	2,818,100
From fifteen banks in Connecticut	3,034,020
From thirty-eight banks in Boston	12,853,750
From twenty banks in Massachusetts	2,553,225
From four banks in Maine	668,000
From four banks in Vermont	595,600
From twelve banks in Baltimore	2,112,876
From one bank in Delaware	99,850
From forty-one banks in Pennsylvania	3,967,195
From eleven banks in New Jersey	980,000
Add amount of circulation remaining unissued and amount to be withdrawn as stated on the preceding page	16,279,589
Total	$ 47,350,743

The aggregate amount of circulation at the disposal, or hereafter to be placed at the disposal, of the Comptroller for redistribution among the States which are deficient, is therefore $47,350,743.

One of the most interesting parts of the report is taken up with a practical review of the condition of the legal-tender reserves held by the National banks. The Comptroller says: "The National bank act required that the National banks in New York city should hold, in lawful money, an amount equal to at least 25 per cent. of their deposits and circulation as a reserve fund; that the banks in the other redeeming cities should also hold 25 per cent. of their deposits and circulation as a reserve; but that each of such associations may keep one-half of its lawful money reserve in cash deposits in the city of New York. Every other association was required 'to have on hand, in lawful money of the United States, an amount equal to at least 15 per cent. of the aggregate amount of its notes in circulation and of its deposits,' three-fifths of which amount could consist of balances due from approved associations in the redemption cities. The act of June 20, 1874, repealed the provision requiring the National banks to hold reserve upon circulation. It also provides that the National banks shall at all times have on deposit in the Treasury of the United States, in lawful money, a sum equal to 5 per cent. of their circulation, to be held and used for the redemption of such circulation, which amount is authorized to be counted as a part of the lawful reserve on deposits; the circulation of the banks to be redeemed only at the counter of the bank and at the Treasury. The act abolished the agencies at which the circulation had been previously redeemed; and a strict construction of its provisions would require National banks, not located in the redemption cities, to hold in their own vaults the whole amount of their reserve, except the 5 per cent. upon circulation, which is to be kept on deposit in the Treasury.

"The banks in the redemption cities are still authorized 'to keep one-half of their lawful money reserve in cash deposits in the city of New York.' The bill which passed the House during the last session provided 'that sections thirty-one and thirty-two of the National bank act be amended by requiring that each of the said associations shall keep its lawful money reserve within its own vaults at the place where its operations of discount and deposit are carried on.' This bill, as subsequently amended and passed by the Senate, contained substantially the same provision, but it was finally lost in the House and went to a conference committee, which committee reported the present law, omitting the clause last quoted. It is true that the act, as approved, abolishes the redemption agencies; but as banks located in the redemption cities are still authorized by the act previously in force to hold one-half of their reserve in the city of New York, the Comptroller construed the intent and meaning of the act to be to abolish the reserve on circulation, and to authorize the 5 per cent. deposit in the Treasury to be counted as a part of the reserve on deposits, the remainder of the reserve to be held, as formerly, in the vaults of the banks and with their reserve agents, as provided by sections 31 and 32 of the National bank act.

"Since the passage of the act two reports have been made by the National banks of the country; one on the 26th day of June, a few days after its passage, and the other on the 2d day of October. The reports of the condition of the banks in October, 1874, show that the amount of lawful money reserve required under the act of June 20, 1874, was, for country banks, $43,800,033, of which $12,763,448 was required to be kept on hand and $11,891,414 in the Treasury to redeem circulation. For banks in redemption cities the necessary reserve was $53,738,059, of which $25,019,991 was required to be kept on hand, and $3,698,078 in the Treasury to redeem circulation; and for banks in New York city the reserve required was $51,155,072, of which $49,690,456 was required to be kept on hand, and $1,464,616 in the Treasury to redeem circulation. Under the act of June 20, 1874, therefore, the whole amount of legal-tender notes required to be held was: in the vaults of the banks $87,473,895, and in the Treasury $17,054,108—in all $104,528,003."

"Under the national bank act previously in force, the amount necessary for reserve would have been, at that date (October 2, 1874), for country banks, $78,915,055, the proportion to be kept on hand being $31,566,022; for banks in the redemption cities $71,669,424, the proportion to be kept on hand being $35,834,712, and for banks in New York city $57,478,017, all of which must have been kept on hand. The whole amount of legal-tender money required to be held in the vaults of the banks under the national bank act would, therefore, have been $124,878,751, from which, deducting the amount required to be kept on hand and in the Treasury, under the law now in force ($104,528,003), it will

be seen that legal-tender notes to the amount of $20,350,748 are released from the reserves of the banks."

Another important topic is the condition of the New York banks during the panic, as compared with previous years. Mr. Knox gives, from reports made to the New York Clearing-House, a table of the average liabilities and reserves of the national banks in New York city, weekly, during the months of September and October for the past five years.

These statements show, that while the deposits of national banks have, during the last year, been much greater than the average since the organization of the system, the amount of lawful money held by them has also been much greater, the reserve in their own vaults being, at the date of their last reports, $55,000,000, and the total reserve $94,700,000, in excess of the requirements of the present act. One result of a financial crisis is a temporary contraction of the business of the country, so that a less amount of currency is needed. Hitherto, during financial crises, a large number of banks of issue have failed, and their circulating notes have consequently been withdrawn; but no such reduction of currency followed the panic of September, 1873. Since that date fourteen national banks have failed, the aggregate capital of which was $4,075,000, but the notes of these banks have continued in circulation as previously; and as both the national bank-notes and legal-tender notes have been increased, the volume of paper currency in circulation is greater than previous to the panic. Until the business of the country shall again resume its former activity, or a portion of the circulation shall be withdrawn, there will continue to be a redundancy, which is evident from the fact that, notwithstanding the amendment to the act releasing reserve upon circulation, and the low rates of interest which have prevailed at the commercial centers during the year, the banks held at the date of the last report a larger amount of cash than at any corresponding period for the last five years. The full effect of the act of June 20, 1874, which releases the reserve upon circulation, cannot, therefore, be ascertained from the reports of the banks until the business of the country shall be restored to its normal condition.

On small bank-notes the Comptroller offers some timely and judicious remarks. Of the legislation about them at home and abroad, he says: "The issue of bank-notes of a less denomination than £5 was prohibited in England in 1827, and an act in 1829 provided that no person or corporation in any part of England should 'publish, utter, negotiate or transfer' the notes of any Scotch or Irish bank of a less denomination than £5, under heavy penalties.

"The Legislature of New York, by act of April 20, 1830, prohibited the circulation within that State of the notes of other States of a less denomination than $5, the penalty being the forfeiture of 'the nominal amount of such bank-note, bill or promissory note, with costs of suit;' and on March 31, 1835, the Legislature passed an act making it unlawful 'for any person or corporation to pay,

give, or offer in payment, or in any way circulate or attempt to circulate as money within this State, at any time after the first of January, 1845, any bill, note, or other evidence of debt, purporting to be issued by any body-corporate, of a less denomination than $ 5, or of a denomination between $ 5 and $ 10;' the penalty for violation of the act being four times the nominal value of such bill, note, or evidence of debt. Corporations having banking powers were also prohibited from issuing or putting in circulation notes of a less denomination than $ 5, under a penalty of $ 100 for each bill put in circulation. This act was superseded by the act of February 28, 1838, which contained still more stringent provisions against the issue and circulation of notes below the denomination of $ 5.

"The Legislature of Pennsylvania also (April 16, 1850) prohibited the issuing of notes of a denomination less than $ 5, and another act (April 17, 1861) authorized the issuing of notes of the denominations of one, two and three dollars to an amount not exceeding twenty per cent. of the capital stock paid in.

"The proposition for the repeal of the acts of the Legislature of New York upon the subject above cited, constituted one of the principal issues of the political canvass of 1838, which resulted in the election to the gubernatorial office of an eminent citizen of that State (since deceased) who favored their repeal; and these acts were repealed February 21, 1839. The acts prohibiting the circulation of small notes in New York and Pennsylvania could not be enforced while banks in New England and other neighboring States had the right to circulate such issues, and they were, therefore, generally disregarded. The whole circulation of the country is now, however, under the control of Congress, and an act to prohibit the issue of such notes upon the return to specie payments would apply to every State in the Union. The principle is recognized in section 22 of the national bank act, which provides 'that not more than one-sixth part of the notes furnished to an association shall be of a less denomination than $ 5, and that after specie payments shall be resumed no association shall be furnished with notes of a less denomination than $ 5;' and also in section 3 of the act of June 12, 1870, which prohibits the issue of circulating-notes to gold banks of a less denomination than $ 5. These provisions have had the effect to prevent the issue of any considerable amount of notes of a less denomination than $ 5, the whole amount of such issues in circulation at the present time being $ 8,972,841. The total amount now outstanding of legal-tender notes below the same denomination (one and two dollar notes) is $ 56,223,525; and the amount of fractional currency is $ 48,151,024. The amount of National bank-notes in circulation under the denomination of $ 10 is $ 139,980,496; of legal-tender notes, $ 107,403,965. If the whole issue of legal-tender and National bank-notes under the denomination of $ 5 should be withdrawn, it would place $ 65,196,366 of specie in the hands of the

people; and if all the paper money (including fractional currency) under the denomination of $10 should be withdrawn, it would require $295,535,485 of specie to take its place. The following table exhibits the number and amount of national bank-notes of each denomination which have been issued and redeemed since the organization of the system, and the number and amount outstanding on November 1, 1874.

Denomination.	Number. Issued.	Number. Redeemed.	Number. Outstanding	Amount. Issued.	Amount. Redeemed.	Amount. Outstanding.
$1......	16,548,259	11,143,606	5,404,653	$16,548,259	$11,143,606 00	$5,404,653 00
2......	5,539,113	3,755,019	1,784,094	11,078,226	7,510,038 00	3,568,188 00
5......	39,243,136	13,041,605	26,202,531	196,215,680	65,208,025 00	131,007,655 00
10......	13,337,076	3,912,707	9,424,369	133,370,760	39,127,070 00	94,243,690 00
20......	3,962,109	971,608	2,990,501	79,242,180	19,432,160 00	59,810,020 00
50......	666,950	231,556	435,394	33,347,500	11,577,800 00	21,769,700 00
100......	492,482	196,572	295,910	49,248,200	19,657,200 00	29,591,000 00
500......	17,344	11,676	5,668	8,672,000	5,838,000 00	2,834,000 00
1,000......	5,240	4,683	557	5,240,000	4,683,000 00	557,000 00
	79,811,709	33,269,032	46,543,677	$532,962,805	$184,176,899 00	$348,785,906 00
Deduct for fragments of notes lost or destroyed..........					5,246 30	....
Add for fragments of notes lost or destroyed............					....	5,246 30
					$148,171,652 70	$348,791,152 30

From this table it will be seen that the total amount now outstanding of National bank-notes below the denomination of $5 is $8,972,841. With regard to the bonds held as security for the notes of the National banks Mr. Knox gives the following statement of the kinds and amounts of United States registered bonds held by the Treasurer of the United States on the first day of November, 1874, to secure the ultimate redemption of the notes in the event of the failure of the banks:

Title of Loan.	*Authorizing Act.*	*Rate of Interest.*	*Amount.*
Loan of February 8, 1861, (81s).......	February 8. 1861...........	6 per cent.	$3,959,000
Loan of July and August, 1861, (81s).	July 17 and August 5, 1861.	6 per cent.	55,298,050
Loan of 1863, (81s)..................	March 3, 1863.............	6 per cent.	30,371,050
Five-twenties of 1862................	February 25, 1862..........	6 per cent.	288,400
Ten-forties of 1864..................	March 3, 1864.............	5 per cent.	104,463,250
Five-twenties of March 3, 1864......	March 3, 1864.............	6 per cent.	706,000
Five-twenties of June, 1864..........	June 30, 1864..............	6 per cent.	9,430,750
Five-twenties of 1865................	March 3, 1865.............	6 per cent.	9,231,200
Five-twenties of 1865, 2d series......	March 3, 1865.............	6 per cent.	6,899,500
Five-twenties of 1867................	March 3. 1865.............	6 per cent.	12,732,200
Five-twenties of 1868................	March 3. 1865.............	6 per cent.	3,298,500
Funded loan of 1881................	July 14. 1870, & Jan. 20, 1871	5 per cent.	134,976,850
U. S. bonds issued to Pacific R.R.Cos.	July 1, 1862, & July 2, 1864	6 per cent.	13,767,000
Total........................	....	....	385,421,750

From an examination of the table it will be found that these bonds consist of $145,981,650 of 6 per cent. bonds, and $239,440,100 of 5 per cent. bonds. On October 1, 1870, the Treasurer held as security for the circulating notes of the National banks $342,833,850 of United States bonds, of which only $95,942,550 were 5 per cent. bonds; from which it appears that there has been during the last four years an increase in the 5 per cent. bonds of $143,497,550, and a decrease in the 6 per cent. bonds of $100,909,650.

HOW FRANCE PAID THE INDEMNITY TO GERMANY

Official Report by M. Léon Say.

This report has been looked for with much interest, not only in Europe but in this country. At an early stage of the payment of the French indemnity, it was observed that the Paris bankers were beginning to export our securities to this country, as well as to England and Germany, in both of which countries, at that time, there was a more active demand than prevails at present. The fact that France was exporting foreign securities previously held by French investors, was thus demonstrated; and a little inquiry soon showed that the exportation was active and had reached considerable dimensions. This movement seemed to us of the more importance, as it threw light on certain financial questions which at that time were causing anxiety all over Europe. When the French indemnity was fixed at five milliards, the great economists and bankers, with few exceptions, declared that such an enormous sum could not be surrendered by one country to another without permanently impoverishing France, and disturbing the money markets of the world for many years to come. The singular rapidity with which the payment was effected, and the freedom from monetary trouble secured to France during the stupendous transfers of capital to Germany, proved that some exportable commodity, not commonly observed, must have passed into foreign hands from French investors,—and that this exportable commodity was one which does not figure in the Government tables of imports and exports. What this commodity was, seemed to be suggested by the movement above referred to in American railroad bonds. It was conjectured that a large amount of American and other foreign securities had left France, and that by this means a considerable part of the foreign bills had been created which were required for the French payments to Germany. This conjecture, which was first started, we believe, by an American economist, has been gradually adopted by English and French writers, and receives full confirmation in the report before us.

The document has been published in full by our enterprising and intelligent contemporary the *Economiste Français*. The important task of preparing this report was intrusted to M. Léon Say, by the committee on the Budget of 1875, who instructed him to investigate all the facts relative to the payment of the war indemnity, and to give a full account of the Exchange operations to which it gave rise. This broad field of inquiry has given M. Léon Say an opportunity, of which he has availed himself, to place on record some interesting details of the great loans and the Treasury operations during the whole of the period in which the

payments to Prussia were made. In an economic point of view, the most suggestive part of the paper is that which explains the means by which the indemnity was transmitted from France to Germany.

When the preliminaries of peace were signed at Versailles on the 26th February, 1871, no mention was made of the kind of money in which the payments were to be effected. In the convention at Ferrières on the 11th March, the exchange was fixed at 3 fr. 75 c. per thaler, and at 2 fr. 15 c. per German florin. The treaty of peace, signed at Frankfort on the 10th May, went further, and stipulated the different kinds of paper that would be received in payment, but with the exception of the thalers and florins no exchange was fixed; English, Dutch, and other non-German paper given in payment was to be converted into German money by Prussia at the cost of the French Government, which was only credited with the sum actually realized after the exchange and commission. The definitive account of the debt, including interest, amounted to 5,301,145,078 fr., or $1,060,229,016. The total amount received by Germany was, 5,315,758,853 francs, or $1,063,151,771, leaving a balance of 14,613,674 francs due to France. The total sum of 5,315 million francs comprised the 325 millions allowed for the railroads in the annexed provinces, and a sum of 98,400 francs. This last sum was a balance due by Germany to the City of Paris in the operation for the payment of the war contribution levied on the city after the siege, and this amount was placed to the credit of the French Government. The remaining aggregate of 4,990 millions was paid by France to Germany as follows:

	In Francs.		*In Dollars.*
Notes of the Bank of France.....	125,000,000	..	$25,000,000
French gold coin......	273,003,058	..	54,600,612
French silver coin.................	239,291,875	..	47,858,375
German notes and coin...........	105,039,145	..	21,007,829
Bills in thalers....................	2,485,313,721	..	497,062,744
" " Frankfort florins..........	235,128,152	..	47,025,630
" " marcs banco	265,216,990	..	53,043,398
" " reichsmark	79,072,309	..	15,816,462
" " Dutch florins.............	250,540,821	..	50,108,164
" " Belgian francs............	295,704,546	..	59,140,909
" " pounds sterling...........	637,349,832	..	127,469,966
Total, including centimes	4,990,660,453	..	$998,132,091

Of the sum of 14,613,774 francs, overpaid, 2,412,317 francs had to be deducted for the discount of bills not due, and one of 11,360,248 francs for the cost of converting into German money the bills on non-German countries. Of the balance Germany has already reimbursed 700,000 francs to France, and a final balance of 141,208 fr. is still due. In the accounts published in Germany the total amount of the sums received from France is set down at 1,484,551,274 thalers or, at 3 fr. 75 c. per thaler, 5,567,067,277 francs. The difference of 251 millions of francs consists of the

war contributions levied on the towns of France, including the 200 millions obtained from the City of Paris.

From the statistics given above it will be seen that the bills which France had to procure amounted to 4,248 millions of francs, or $849,600,000. The amount of bills purchased by the French Government during the periods over which those operations extended was in reality 5,862 millions of francs; the surplus of 1,600 millions comprised bills employed by the Financial Agency in London for the payment of the interest of the loan, and the difference is explained by the fact that the French Government frequently found an advantage in employing bills on England, Belgium, and other countries to purchase paper on Germany, instead of sending them to Berlin.

It is important to get a clear idea of the precise methods by which the French Treasury procured so enormous an amount of negotiable bills. The task was accomplished in four different ways: (1) by facilitating the subscription to the loan abroad, or in France with foreign bills; by this means 602 millions were obtained; (2) by facilitating, by a commission allowed to foreign bankers, the payments of the subsequent installments abroad, or in France in foreign bills, and by which means 1,171 millions were procured; (3) by the purchase of 700 million francs of bills from a Syndicate of bankers; and (4) by the purchase of bills direct by the Treasury. Excluding the bills for the conversion of English or Belgian paper into German, the sum of 1,774 millions of francs had to be obtained by this last means.

The French Treasury allowed to its correspondents abroad a commission of ¼ or ½ per cent., for subscriptions to the loans; for the subsequent payments in advance, the commission, which was at first 1 per cent., was afterward reduced to ½ and ¼ per cent. Bills were thus procured at a moderate cost. The average rates paid for bills on the different countries were as follows, compared with the present exchange:

	Average Price Paid. Francs.		*Present Rates. Francs.*
Dutch florins	2,1509	....	2,105
Belgian francs	1,0061	....	0,995
Pounds sterling	25,4943	....	25,15
Thalers	3,7910	....	3,65
Florins	2,1637	....	2,11
Marcs banco	1,9089	....	none.
Reichsmark	1,2528	....	1,23

The French Treasury soon found that the negotiating of foreign bills by Germany was too costly a process, and afterward converted them itself into foreign paper. The Treasury even at one moment engaged in an operation in the metals; finding that the value of silver was depreciated at Hamburg by the transformation of the legal standard, it purchased a part of the bar silver deposited at the Bank there, converted it into five-franc pieces at the French mint, and then used them for the payments to Prussia.

A sum of 35 millions was converted in that way. The Treasury also showed great judgment in purchasing foreign bills when interest ruled high in Paris; it was thus able to relieve the money market by the sums put in circulation, and at the same time it realized a profit by the fall in the exchanges.

Referring to the loan of 200 millions in gold (of which only 150 millions were taken) by the Bank of France to complete the final payments, M. Léon Say justly remarks that it was more advantageous for the Bank at that moment to lend gold than notes; for, as the amount of circulation was limited, in consequence of the suspension of specie payments, the Bank was bound to keep a guard on its margin of notes, while the gold was taken from the reserve lying idle in the Bank cellars. Another advantage was that the French Treasury was freed to a certain extent from the obligation of purchasing bills, and that it supplied the German mints with silver available for the new coinage. Hence Germany was relieved from the necessity of withdrawing gold from the Bank of England,—a necessity which would probably have caused a rise in the rate of discount and a hardening of money in Paris, the result of which would probably have been to impede the payment of the sums remaining due on the second loan. On this last point it has been shown that of the two great loans, the first, for a capital of 2,225 millions of francs, is entirely liquidated, and of the second, for 3,491 millions, a sum of 7 millions only was outstanding on the 31st of July last, a great part of which has no doubt since been paid up.

A point which still remains to be explained is the manner in which France was able to obtain 4,248 millions of francs in bills on foreign countries without having to export eventually an enormous sum in specie to balance the operation. M. Léon Say himself remarks that the transmission, without a crisis, of a capital sum of 5,000 millions to Germany is a fact which may be said to have only been proved to be possible by its accomplishment. All those bills could not have been compensated by sales of merchandise, for if the exports in 1872 and 1873 exceeded the imports, according to the Customs returns, by 517 millions of francs, that surplus only counterbalanced the excess of imports over exports, amounting to 694 millions in 1871.

Passing on to the movement of the precious metals, M. Léon Say estimates the total value of the gold exported since 1870 at 1,000 millions of francs, of which 273 millions were paid direct by the State to Germany, and 730 millions represent the exportations by bankers in consequence of the creation of bills sold to the Treasury. On the other hand, 300 millions of silver were imported. A more important element in the balance of the exchange operations was the dividends on foreign securities held in France. M. Léon Say fixes at from 600 to 700 millions the annual value of those coupons; a sum of from 1,800 to 2,000 million francs had thus to be received from abroad in the three years.

Secondly, the report estimates the sum expended in France by foreigners at 200 to 300 millions of francs a year; allowing for the diminution in the number of visitors since the war, from 400 to 500 millions of francs were probably obtained from that source in the three years.

Finally, as we have already said, M. Léon Say demonstrates that the major part of the indemnity payment must have been liquidated by the sale abroad of foreign securities previously held in France. Such an exportation of securities was, no doubt, carried on on a large scale; M. Léon Say has been at great pains to ascertain the aggregate export of foreign securities, but without arriving at any definite result.

Two examples, however, suggest the magnitude of those sales of securities. In 1868 the interest paid in Paris on Italian Government bonds amounted to 85 millions of francs; in 1872 to 60 millions. On the 1st January, 1874, the half-yearly coupons amounted to 25,604,000 francs. During the interval France had consequently sold abroad Italian Rentes for a sum of 35 millions of francs, representing a capital of from 400 to 500 millions. The Turkish coupons paid in France also decreased from 3,265,612 fr., in January, 1870, to 728,181 in July, 1873. Similar proofs of the extent of the export movement could, no doubt, be collected if equally detailed information were on record with respect to Austrian, Egyptian, Spanish, and other foreign stocks. M. Léon Say contents himself with the demonstration we have cited of the general facts, leaving the precise details to be explored by further investigation. He claims to have shown, first that France has exported during the last three or four years a large amount of foreign securities. Secondly, that a much larger amount of foreign securities is still retained on which vast sums of annual interest accrue. From these two sources, from the capital of the foreign securities sold and from the interest of those retained, the major part of the foreign bills were created by which the payments to Germany were made.

Thirdly, the Reporter calls attention to the fact, that of the French war loans a large part was subscribed and taken in foreign countries. He adds, however, that most of the Rentes so subscribed have since found their way back to France, and that with the close of the year 1874, it may be affirmed that the five milliards have all been absorbed at home, and without any aid from capitalists outside of France. In summing up the exchange operations, he says that the three sources just mentioned produced the greater part, almost the whole, of the bills used, without any addition from either the movement of merchandise, which showed an equilibrium of the exports and imports for the three years, or from the movement of the precious metals, which was less than might have been expected, and furnished very little help in the payments, beyond the actual transfers of coin sent to Germany directly from the French Treasury.

The whole transaction, he says, may be regarded as having involved the simple process of remitting five milliards of Rentes to Berlin, and afterward buying them back again by installments with the funds arising from previous accumulated savings. The success of these stupendous operations depended on the single fact that France had a vast available hoard of savings, capable of being mobilized at short notice, and sent out of the country. There is one point which the Reporter does not enter upon, though it has been extensively discussed. It is a question of national finance, and asks who has lost the capital which Germany has gained by the indemnity payments? If we were to summon before us the army of French investors, who have exchanged for the new Rentes of the war loans the Austrian, American or Italian bonds, which they held before the war, and if we were to interrogate them one by one, these investors would respond that they had lost nothing, and that all they had done was to give up a foreign bond, of which they knew little, for an Inscription of Rentes which everybody knew all about, and which conferred patriotic honors on every holder.

Although M. Léon Say does not venture to suggest an explanation as to who has actually lost this vast amount of capital, but sedulously avoids the thorny path of its discussion, to many of our readers the inquiry will seem to offer some of the most tempting and important problems which modern finance has proposed to economic science.

Our author in all probability intends hereafter to supply the defects of his report. The requisite facts are not so easily accessible in other countries as in France. So far as the indemnity payments have been investigated they are very suggestive. In the first instance it was extensively believed that the German Government intended and expected to compel France to pay the whole of the five milliards of indemnity in gold and silver. Multitudes of well-informed persons, who saw that so prodigious a sum could not thus be paid, believed that a very considerable displacement of specie must of necessity be produced. Before the war the estimate was that the French people had in circulation and in hoards from five to six milliards of coin. Hence it was supposed that France would lose the whole mass of her coinage of the precious metals, and that much of it would of necessity find its way to Germany, where it would remain. To utilize this expected influx of gold, Germany determined to reform her coinage and to change her silver basis to a gold one.

Such were the notions which prevailed in Europe for some months after the treaty of peace was signed in May, 1871. If the transfer of the five milliards had been made in gold alone, it would have involved the conveyance of 2,000 tons of coin and bullion from France to Berlin.

This transfer was obviously out of the question. It was rendered unnecessary by the decision of Germany to make use of the French

indemnity money as fast as it was received from Paris. The moment this determination was made, France was absolved from the necessity for the remittance of any coin whatever, except a very small fraction of the total payments. Out of the first year's receipts of Germany, amounting to 300 million thalers, no more than 40 million thalers of actual gold coin were locked up in the vaults of the War Treasury. This is not much more than one-third of the coin balance held in the Treasury of the United States. The policy of Germany was to disburse as fast as she received. Thus 43 million thalers were paid out to the public for damages sustained or contributions levied during the war; 41 millions were applied to the strengthening of the Alsace-Lorraine fortresses; 44 millions were used for the purchase of rolling stock for the Alsace-Lorraine and other Government railways; 27 million thalers were disbursed for the navy; 10 million thalers were consumed in the armament and disarmament of fortresses; 8 million thalers were spent for fresh siege-artillery, and other material of war. The rapid disbursement of the French indemnity money so soon after the close of the war caused the specie which Germany at first received in the early payments to return into the ordinary channels of the European circulation. But the fear was that the Germans at a later stage would begin to hoard the sums received under the subsequent payments, when the necessity for such outlay as is mentioned above had been fully satisfied. The apprehension was removed by an announcement that the whole sum would be spent or divided among the several States as fast as it was received from Paris. This announcement had much to do with the success of the French war loan of 1872, which was the largest and most successful loan ever negotiated by any Government except our own. In part the achievement of this stupendous negotiation was dependent upon other conditions, most of which M. Léon Say very lucidly expounds; but the fundamental condition of the ease with which the work was done was the certainty that the German Government would expend as promptly as possible the funds it received from France.

Still, there is no doubt that the French officials and the German officials in whose hands was intrusted the task of manipulating these prodigious sums of money were disinterested enough and patriotic enough to act under the advice of the wisest and most experienced financiers of Europe. The success of the transaction reflects much honor on the statesmen of both nations.

On the whole, we find from an analysis of the published facts, that the indemnity has not been paid by the French people in gold, for very little specie has been sent by them to Germany, and even that has been chiefly obtained from other countries. Neither have the payments been made in merchandise, for, as is proved in the report before us, the imports and exports for the three years nearly balanced each other. That is, the French people have exported very little more than they have imported, whether of gold or of merchandise. It is also certain that they

have not paid Germany by the exportation of Rentes, for it appears that nearly all the war loan of 1872, which was subscribed abroad, has returned to France, or is expected soon to do so. The real process of payment seems to have been finally adjusting itself by the export from Paris of five milliards of foreign securities formerly held by investors all over France. This export of foreign bonds, owned by French investors, enabled them to buy up the five milliards of new Rentes as they came into the market. Meanwhile the mass of foreign securities which had been displaced and sent out of France, easily found purchasers in the various money markets of Europe, amid the excitement of the speculative era which followed the war. If this view is correct, M. Léon Say is guilty of a slight perversion of the facts, when he says that France paid the indemnity by a process equivalent to the sending of five milliards of Rentes to Berlin, and then buying them back again. The real process seems to have consisted of two parts. First, the French exported five milliards of securities, which all Europe was eager to buy at good prices, and with the proceeds of these sales Germany was paid. Secondly, while this process was going on outside of France, another responsive process was carried forward in France itself. This process consisted of the creation and distribution throughout the 86 departments of France of Rentes which French investors were glad to purchase in place of the foreign securities they were relinquishing for exportation abroad.

With this explanation before us, we may obtain some of the elements for resolving the problem of National finance which is stated above. If we ask who has lost the large amount of capital which Germany has gained in the payments under examination, the answer is, that the loss, if any, has been borne by no other country, either directly or indirectly, but by France herself. She does not even appear to have borrowed, except for a short temporary period, any part of the immense sums which she has paid to Germany. And finally, if we look into the matter we shall find it difficult to prove that, strictly speaking, France herself has permanently lost the whole sum in question. What she has done is to borrow from her own citizens capital which was formerly lent to foreign countries. This capital was invested in American railroads, Austrian railroads, Turkish and Egyptian securities, and brought in an annual revenue of five or six per cent. a year, at least. This revenue, formerly paid in the shape of interest to French investors by their foreign debtors, amounted to some fifty or sixty millions of dollars a year. This annual subsidy will no longer be exacted by France from her tributary debtors abroad. They have paid her their debts, or rather, by novation, they have other creditors. In addition to this loss of annual interest, France must be adjudged to have lost the command of the principal of these five milliards of accumulated savings, which before the war she held invested in foreign countries. Formerly she could call home, in an emergency, any part of this large capital. This privilege she no longer possesses, except as to her other foreign investments over and above the five milliards given up to pay the indemnity.

USURY AGITATION AND ITS PROSPECTS IN NEW YORK.

By Dr. George Marsland.

Ever since the year 1785, when the first Usury Law was enacted in the State of New York, there has been an agitation, fitfully and periodically kept up for the repeal of the penalties of usury. A short time before the Jay Cooke panic, Governor Dix strongly urged the repeal of those penalties, and during the session of 1873, an Act for that purpose very nearly succeeded in becoming a law. Prior to this latest effort to shake off the trammels of usury legislation, considerable jealousy prevailed between the National banks and the banks organized under the State system. To adjust the dispute our State Legislature passed an Act in the year 1870 which strongly exhibited the popular opposition to usury penalties. This Act has just come up for interpretation before the Court of Appeals, and contains the most recent legislation on the subject in this State. The first section of this statute declares the penalty of usury by our State banks to be a forfeiture of interest. This is the same penalty as is prescribed by the National banking law, and, as will be seen hereafter, it is much less severe than our State law on the subject. The second section of this new statute of 1870 declares that "the true intent and meaning of this act is to place the banking associations organized under State laws on an equality, in regard to usury penalties, with the National banks organized under the acts of Congress." When this law of 1870 was passed it was believed, and had been held by the Courts, that the National banks were amenable to the usury penalties of the National Currency Act, and were wholly free from the severer penalties of the State Banking laws. If this view of the privileges of the National banks had been sustained, the law of 1870 would have operated to put our State banks on the same level, and to confer upon them like privileges. In 1872, however, the Court of Appeals, in the case of the National Bank of Whitehall *v.* Lamb, 50 N. Y., 95, overturned this whole theory, and held that the usury provisions of the National Currency Act have no force whatever in States where a usury statute has been enacted by the State. This decision settled the law in the State of New York, and left the National banks as much under the control of the State usury laws as were the State banks themselves. Such was the decision of 1872; but the present decision goes a step farther, and declares the meaning of the Act of 1870 to be that State banks can not escape the severer penalties of usury as fixed by the Revised Statutes on the plea that the first section of the law of 1870 declares that the knowingly taking a rate of usurious interest shall work "a for-

feiture of the entire interest." This light penalty, and the section which imposes it, must be understood, so the majority of the Court of Appeals has decided, in a sense compatible with the second section of the same law, which declares that the State banks shall be on an equality with the National banks. But the latter were held by the decision of 1872 to be amenable to the full penalties of usury. Hence, by parity of reasoning, those same penalties in all their force applied equally to State banks. A full report of the opinion of the Court in this case will be found on another page of this issue. Chief Justice Church read the opinion of the Court, in which Folger and Rapallo, JJ., concurred. A dissenting opinion was read by Mr. Justice Johnson, in which Grover and Andrews concurred. The arguments on both sides are admirably set forth. The decision will probably settle the controversy until a wholesome change can be brought about in the fundamental legislation on the subject.

This case has revived the discussion as to the general policy of usury legislation, and it will tend, in all probability, to give more activity to the efforts for repeal this year in the State Legislature. These efforts receive an impulse from two or three circumstances which are not operative to the same degree in other parts of the country. For example, the penalties of usury in this State, as we have said, are extremely severe. The New York usury laws make the legal rate of interest 7 per cent., and denounce the following penalties against any person who takes more: First, he forfeits the money lent; secondly, he is liable to a fine of $1,000; and thirdly, he may be punished with six months' imprisonment besides. Such is the law as regards private individuals. No citizen, whoever he may be, can lend money at more than 7 per cent. without incurring this threefold punishment.

On the other hand, these laws are not impartially enforced upon all lenders and borrowers alike. No individual is permitted to borrow at a higher rate of interest than 7 per cent., but what individuals can not lawfully do, chartered corporations are permitted to do every day. Any corporation whatever is privileged to borrow without limitation of interest. By a statute passed April 6th, 1850, the Legislature enacted, that no corporation shall plead usury (N. Y. Rev. Stat., Part II., Chap. IV., Title iii. § 19). This law gives the power to any corporation whatsoever to go into Wall street and borrow at any rate, without restriction. These parties are virtually raised above the rest of the mercantile community. They can borrow on terms forbidden to private citizens, however great the emergency. Hence it happens that individuals who are willing and able to pay an extra price for loans to cover the special risk or inconvenience of the lender are not allowed to deal with the honest law-abiding private capitalist, and are fleeced too often by the unscrupulous hands of merciless oppressors.

As usually happens, such severe legislation has defeated its own purpose. During the past ten years a number of corporations

have been created by special charter, with power to lend money at any rate above 7 per cent., while such loans are a crime in other persons. Of the multitude of these two kinds of privileged corporations, which have grown up of late years in this State, the great majority are continual borrowers in the loan market. Their presence is a cause of disturbance, and their large demands for money have doubtless had much to do with the spasmodic changes in the rate of interest which have been so conspicuous a feature of our New York money market. It is notorious that at certain crises of late years the money market has been in such a turmoil that the penalties against usury have been practically defied. At such seasons the usury laws have only a fitful, capricious activity; and are often wholly paralyzed, as the high rates for money sufficiently prove.

The demoralization, the disrespect for law hence resulting, are among the worst evils that can befall a nation. Now, although the usury laws are among the chief causes of these troubles, and while pretending to protect borrowers, really plunder them and help their usurious oppressors, still there are not a few honest, well-meaning persons who contend that but for these penal laws things would be worse. "If," say these gentlemen, "Wall street plays such freaks with the rate of interest, notwithstanding all the Legislature can do to stop them, what might not the rates be should the penalties against usury be taken off?" The answer is, that the rates would be lower to the mass of borrowers; and that multitudes of owners of real estate who cannot, of late, borrow on mortgage at any price, would be supplied with all the money they can give security for, at fair rates. The repeal of the usury laws would not only put a stop to much chicanery, shuffling and evasion, which criminate borrowers and undermine the moral strength of the community, but it would give the loans they want to our farmers, who now find it very hard to borrow for the improvements that are necessary if we would raise produce in competition with the teeming soil of Northern Europe.

Our account of the usury laws would be imperfect, did we not add that all courts of justice are required to give a special charge to the grand jury to inquire into any violations of the usury law. Any bond or other evidence of debt which is tainted by usury is void, and the Supreme Court is empowered to enjoin any prosecution thereon, and to order such notes, evidences of debt, or securities to be surrendered and canceled. Any person charged with usury may be called as a witness to prove the usury, and may be also compelled to answer, on oath, in any equity suit for relief, or discovery, or both. Nor will any court of equity require, as in other cases, the *payment* of the alleged debt as a *previous condition* of granting relief to the borrower when the litigation is about a usurious loan. Moreover, any man who has paid more than 7 per cent. may recover the excess so paid, if he brings his suit within a year. And if he do not prosecute within a year, then the whole

sum paid may be sued for and recovered with costs "at any time within three years after the expiration of the year, by any overseer of the poor of the town where such payment may have been made, or by any county superintendent of the poor of the county" in which the transaction has been done and the payment made.

These being the general provisions of the law, there is no wonder that in so active and free a community as our own, it has become a dead letter, and is seldom invoked unless in the service of fraud or malice, or to protect some swindler in his dishonorable schemes. So far as regards the protection legitimately claimed from a usury law, ours is wholly useless; while so far as such laws are capable of harm, it is without a peer in the jurisprudence of Christendom. In defense of usury laws, it is commonly urged that they protect borrowers. We have shown that their real operation is to oppress borrowers, rather than to protect them. To confirm our argument, we might refer to the testimony of the commercial classes in this country and abroad. A petition was sent in 1872 to the New York Legislature, signed by nearly four thousand firms in this city, who are among the largest borrowers, asking the Legislature to repeal all laws relating to usury. Belonging to the borrowing class, whom the usury laws pretend to protect, these four thousand citizens, who borrow hundreds of millions a year, are the last men in the world who ought to complain.

Let us see what the petition of this majority of the wholesale merchants of New York has to say against the protective virtues of usury penalties, and in favor of repealing all regulations whatever on the lending of money. It brings two charges against these protective laws. First, "that legal restrictions upon the rate of interest are utterly ineffectual as a protection to borrowers; and that, by preventing a free competition among all classes of lenders, they injuriously restrict loaning operations, and cause the average rate of interest to range higher than it would in the absence of attempted legal regulation." Secondly, it says that these usury laws "are among the most fruitful causes of the monetary crises which now so frequently derange mercantile operations; and, further, as being opposed in principle to that free competition between buyer and seller which regulates values so perfectly in every other department of business." Both these charges are clearly stated and earnestly supported by the evidence of facts. They embody the opinions of our largest New York borrowers, after thirty-six years' experience of the most stringent usury law which exists in the world. It cannot be denied that these men are intelligent observers, and fairly represent the views of traders at large. It is said that the presentation of the petition for signature found hardly one merchant in a hundred unwilling to endorse it. This fact is conclusive as to what our mercantile and borrowing classes think of legislative attempts to control the rate of interest.

The following is a statement of the number and classes of firms signing this petition:

1—The President and Secretary of the N. Y. Produce Exchange, in behalf of the Exchange; number of merchants therein represented........	2,274
2—The President and Secretary of the N. Y. Cotton Exchange, in behalf of the Exchange..	325
3—Dry Goods Merchants..	232
4—Produce Merchants..	175
5—Members of N. Y. Grocers' Board of Trade...........................	64
6—Drug and Paint Merchants...	67
7—Merchants in other branches of trade...............................	551
Total..	3,688

So much for our borrowers in the city. Let us now call witnesses from the country. An emphatic protest was evoked on this subject, by a circular distributed all over the State, a few years ago, by the New York Chamber of Commerce. This circular made specific inquiry as follows: "How far, in your opinion, will the movement for this most vitally important reform be sanctioned and concurred in by the great trading cities and towns of our rivers and lakes; also by the great agricultural and manufacturing interests of the State?" The inquiry was sent to every town in the State, to every postmaster, to all the principal county officers, including Judges, Sheriffs, Surrogates, County Clerks, County Treasurers, and District Attorneys. It was sent to all the members and officers of the Legislature, comprising more than 3,000 persons "occupying official positions." Multitudes of answers came back, all heartily condemning the laws as they now stand. Not a single letter was received in their defense. Let us next summon evidence from other States, over 20 of which have within a few years relaxed or abolished their usury penalties. Prominent among these is the great manufacturing commonwealth of Massachusetts, where large amounts of capital are continually changing hands in the loan-market. In March, 1867, the Legislature of Massachusetts, with many misgivings, ventured to repeal their usury laws, which, though less severe than ours, were found to do no good, and much harm.

With a view to obtain authentic evidence as to the working of this reform, the President of the Boston Board of Trade, Mr. J. S. Ropes, was applied to by the present writer for information as to the general working of usury repeal, as effected by the law passed 6th March, 1867, by the Legislature of Massachusetts. Along with other evidence to the same purport, Mr. Ropes summed up his testimony by declaring that: "The effect of the law appears to have been in every way satisfactory, so much so that the advocates of an irredeemable paper currency have thought it necessary to ascribe the improvement to that particular cause. I think the full benefit of the abolition of usury laws will not appear until our currency is restored to a sound basis. But, even with our present experience, I believe it would be utterly impossible ever to restore usury laws in Massachusetts. The amount of loanable capital has very greatly increased, and borrowers in consequence are

supplied with far more ease than formerly, and on the whole at lower rates."

This honest testimony from one of the oldest and most experienced merchants of New England, is confirmed by the evidence of merchants and bankers, farmers and manufacturers, who mostly agree that the great body of mercantile and agricultural borrowers have not been injured, or in any way incommoded, by the repeal of the usury laws. On the contrary, the loan-market has been made more steady. The few rich borrowers who formerly monopolized the "cheap" money, may, perhaps pay more in certain states of the market; but the masses of ordinary borrowers can get loans as cheap or cheaper than before, and the office of the rapacious, tricky middleman has become a sinecure. From some of the States we hear murmurs. But these are due to the monetary stringency which, from general causes, has prevailed everywhere else for a year or two past. The majority of the borrowing community in most of the States which have abolished the penal statutes against usury, recognizes that the enormous loss which afflicts business from high rates of interest cannot be prevented by usury penalties, however severe. On the contrary, these penalties tighten the pressure, drive off capital, and prolong the scarcity, so that with the repeal one chief cause of the fluctuations is taken away. After six years' experience, Massachusetts, says Mr. Ropes, is so well satisfied, that it would be impossible to recall the antiquated penalties, or to revive the usury laws.

Still, although the evils of usury legislation are so notorious, all attempts in this State to repeal or modify them have failed. The first movement for repeal is the signal for an agitation against Wall street among the farmers throughout the State. "On real property," they say, "loans can not be obtained except with great difficulty and at excessive rates; by the repeal of usury penalties these rates would be enhanced beyond endurance." With all their intelligence and shrewdness, our farmers can not see that their complaints, which are very just, and their sufferings, which are intolerably unjust, are caused or augmented by the usury laws. If these laws were repealed, why should not the same benefits be realized by the farmers as by the merchants and manufacturers? Secondly, the objection is raised, that there is someting immoral and oppressive in the charging of exorbitant rates of interest. This is true. All parties agree that usury is an offense against the ethical code. The only question is, whether the offense can be abated by usury laws, and whether such remedies do not aggravate the disease, which would otherwise work its own cure.

The other objection is a more difficult one. It arises from a misapprehension of the teaching of Holy Scripture, and is of great antiquity. In all ages of the Christian Church a large number of eminent men have supposed that usury penalties were justified by the Old and New Testaments as well as by the Canon Law. In our day very excellent persons of almost every religious faith have

scruples about these laws. The Bible, they think, condemns usury. The Mosaic law certainly forbids it. Why, they ask themselves, should we not as a commonwealth obey the Bible, and prohibit usury? Why should not our legislation copy the model of the Hebrew code, and follow its inspired author?

We answer, with Dr. Funck, that the Scriptural ordinances about usury must be interpreted in the light of the varying social condition and political institutions of the time in which they were given. Rightly interpreted, the Bible, we think, does not favor modern usury laws. It condemns both their spirit and their results. Still there are multitudes of persons who think otherwise. Far be it from us to treat their opinions with levity or to discuss their scruples without profound respect. Still they are fair topics of honest argument; otherwise we cannot tell how much of truth there is in them. First of all, let us settle with these men as to what they mean by usury. It implies extortion and oppressive charges. In this sense the word interest is opposed to usury, and if a lender charges the legal rate of seven per cent. for the use of money, we call it *interest*; if he exacts more than seven per cent. we call it *usury*.

Usury laws are penal statutes which punish in one way or another—in this State with fine or imprisonment—all persons who charge more than the legal rate for money. Now, what we claim is, that the Bible gives no countenance to such penal laws. Few people doubt, and experience notoriously proves, that in modern times these laws really foster usury, oppress borrowers, and impoverish the community. Is it not natural to expect that the Bible, which condemns oppression, and inculcates just dealing between man and man, should be found, if well understood, to give no support to restrictive laws which work so much of fraud, injustice and wrong?. If we are correct in this, the exposition of the grounds of our belief may help to shake off prejudice from scrupulous minds, and dispose them to investigate further.

The point here raised is a question of fact, and must be decided by the Book itself. Let us consult first the Mosaic code, and secondly the Christian code, if we would find out what they say about usury. If the Old and New Testaments in their spirit and teaching are in favor of liberty to trade in money, the proof can only be had by consulting those inspired documents themselves. First, then, as to the Mosaic law. Usury is mentioned seventeen times in the Old Testament, and is always forbidden. But usury means "interest," in all English books of a certain age, as is well known to critical students of the legislation of the 16th and 17th centuries. The translators would have used the word interest instead of usury if they had lived in our time. For usury, nowadays, has always its bad sense. It implies extortion. This refinement of language is of modern origin. Our forefathers knew nothing of it. The old English meaning of the word usury was money paid for the use of money, whether exorbitant or not. The word interest first

occurs as a legislative term in the Act of Parliament 5 and 6 Ed. VI., and 21 Jac. I. Since then the term usury has gone out of vogue in its good sense, and assumed obstinately the meaning it has now, of an unlawful extortionate interest. We insist on this change, because it is important. It shows why our translators employed the term usury to signify equitable interest. The latter word did not come into exclusive use till about 1624, whereas our ordinary version of the English Bible was published in 1611, and its translation began in 1604. With this clue to guide us, we find that what the Mosaic code forbids was not usury, but all interest whatever. If, as worthy men among us believe, we should follow the law of the Hebrews in this matter, we must stop taking interest altogether, as Proudhon and the French socialists taught.

A distinction is pointed out by J. D. Michaelis, in the second volume of his "Laws of Moses," between the Hebrew usury laws of different ages. This learned author shows that there were several different stages of Jewish legislation on this subject. The first was instituted immediately after the exodus from Egypt; the second on entering the promised land; and the third after the captivity. Of these three stages of the development of the Hebrew usury law, evidence survives in the 17 passages of the Old Testament above referred to. It suggests that there was probably a fourth period of development, which culminated about the time of Solomon, and of which no records survive. The commerce with Phœnicia, and the growth of wealth among the nation during the prosperous era of the Jewish polity, render this opinion probable. We may, perhaps, be able to trace out this later provision of the Hebrew code by the key to it given in the New Testament. There we find the word usury twice. It occurs nowhere else but in the parable of the talents, as given in two parallel passages. (Luke xix., 23; and Matt. xxv., 27.) In both of these the taking of interest appears as a well-known custom, which the Great Teacher does not forbid, but implicitly approves. He speaks familiarly of it, and represents the lord of the unfaithful servant as claiming back not only his moneyed principal, but also usury, that is, the ordinary interest. From this it seems that the Christian code is opposed to the Mosaic code. The first approves of interest; the second forbids it. But is this strange? Do not these two codes differ, and must they not reasonably be expected to differ on many points; as, for instance, in the cancellation of debts at the year of jubilee, in the forbidding of the perpetual alienation of real estate, and in the preventing of a woman from marrying out of her own family? Surely our scrupulous friends would not have us adopt these. Yet they are a part of the Mosaic code, just as is the usury law. The difficulty is easily explained. The Christian code was intended for all nations, and will be in force to the end of time; while the Hebrew law was a temporary municipal code for the Jews alone—and for that chosen race only during their isolated nationality as the tenants of Jehovah in the promised land.

Moreover, as J. D. Michaelis shows, the Hebrew usury laws changed their form in different ages. Preserving the same general features of prohibition, they took on minor modifications to adapt them to the increasing opulence, or industrial relations of the people. Still the plain intent of the Jewish laws and polity was to repress commerce, to keep the Hebrew people isolated from neighboring nations, and to prevent entangling alliances with the idolatrous Gentiles. It will help us to understand other parts of their polity besides their usury laws, if we remember that the Jews were a people set apart from the whole world. During the Mosaic age, and for hundreds of years later, they were exclusively agricultural. They had few roads, little trade, no commerce, no manufactures, no organized industry. The mechanic arts were nearly unknown, or were represented by the carpenter's shed, the tent-maker's seat, the distaff and loom, the vat of the tanner and dyer of skins, or the simple hearth of the worker in iron and brass. They had no organized capital as we have, and did not need our methods of thrift or our facilities for investment. Their capital consisted in flocks and herds, in gold or jewels or apparel; in seed corn, implements of husbandry or inalienable land. They were brethren, one man's heirs. Their petty loans to each other of provisions or raiment, of seed corn or money, were mere family accommodations, which the needy might demand as a right and the rich were not allowed by the law to refuse. They had no such frugal habits of investment as other nations, and so usury was forbidden. That this is the correct view is seen from the fact that a Jew was allowed to charge usury to a stranger. This single fact is demonstrative. It proves conclusively that at no stage of the development of the Hebrew polity was usury regarded as a *malum in se*. The prohibition was only a municipal ordinance, and not a moral precept of binding force forever. One fundamental principle of the Divine government, set up in the family of Abraham, Isaac and Jacob, was that no individual of the family should become inordinately rich, but that property should be almost equally diffused throughout the community. It was with a view to this as well as the other objects we have mentioned, that usury was forbidden. The whole of the Hebrew law on this point is summed up in Deut. xxiii., 19: "Thou shalt not lend upon usury" (*i. e.* upon interest) "to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury. Unto a stranger thou mayest lend upon usury; but unto thy brother thou shalt not lend upon usury, that the Lord thy God may bless thee in all that thou settest thine hand to in the land whither thou goest to possess it."

Without going further into the details of this argument, we see how little force there is in the scruple by which our friends are troubled. Their error is a very old one. As we have said, the ancient church held it. The civil and canon laws enforce it. Many excellent Protestants in former ages and in our time have taught that the Bible forbids usury. They must acknowledge, however,

that the New Testament does not forbid it, but speaks of it with approval. If we remember that what the New Testament approves is not usury as we understand the word in these days, but *interest*—the ordinary hire payable by a borrower for the use of other people's capital—we must infer that the old Hebrew law on this subject was defunct in the time of our Saviour, and that nowhere is there anything in the Bible to govern our modern usury laws except its general principles of equity, its golden maxims to avoid oppression, and to deal justly with others as we would wish them to deal with us. In short, the Bible teachings are as consistent with free commerce in money as they are repugnant to the spirit of oppression, rapacity and injustice, which have been fostered by the modern penal statutes against usury, and have caused, in so many countries, their repeal or modification.

We might cite a multitude of other objections which are urged against repealing the penalties against usury. They all proceed on the false assumption that the evils which usury laws assail are proper subjects for legislative repression. Now, we do not say that in the infancy of commerce such laws may not have been of use. What we do say is, that with the growth of capital, the extension of trade, and the amazing activity of productive industry, such antiquated restrictions are barren of good and fruitful of mischief. The right to exact interest from the man to whom we lend our capital, as J. D. Michaelis truly observes, is founded on three fundamental principles. (1.) We run some risk in letting it go out of our hands. For this risk we have a right to compensation. (2.) The borrower derives a valuable benefit from the use of the capital we have lent him, and in equity he is bound to share with us in fair partition a gain he thus realizes. (3.) By lending our capital, we forego, and voluntarily concede to the borrower, all the advantage we might ourselves command by the personal use of our own capital. By these three arguments he demonstrates, as do other modern jurists, the lawfulness of exacting interest between the borrower and the lender of money. From these principles it is clear that the rate of interest must vary in proportion to the risk of loss, to the advantage which the borrower gains, and to the sacrifice the lender incurs. No human legislation can devise regulations elastic enough to meet such varying conditions. Nearly all that the laws can do to protect borrowers is comprehended in the simple rules of enforcing contracts, protecting property, and giving stability to the currency in which loans are made and debts discharged. To go further than this, and to interfere with the free play of supply and demand, by penal legislation against loans at certain rates of interest, has been found after many centuries of persevering trial to be deceptive and mischievous. The borrower may need, and often does need, to be protected against the rapacity of the lender; but the protection of usury laws is worse than none at all. Moreover, it is one of the most frequent and most conspicuous

complaints against laws on usury, that they are difficult to enforce, and that the mischief they work leads to repeated amendments by the Legislature. Hence the perplexing anomalies which render such laws so prolific of litigation and so perplexing to the Courts. For an instance of this we need not go further than the case in the Court of Appeals, which has given occasion to the present article.

DO HIGH WAGES STIMULATE INVENTION?

By Thomas Brassey.

[From Mr. Brassey's book on "Work and Wages."]

M. Michel Chevalier truly says that machinery can alone enable dear labor to compete with cheap labor, and that England, which makes 57 per cent. of the textile fabrics of Europe, owes her superiority entirely to the extensive use of machinery. The economy obtained by the introduction of machinery is often very remarkable. In their gallant struggles in the difficult times following the war in America, the British manufacturers developed the resources of machinery to a greater extent than had ever been attempted before, and they succeeded in making a considerable reduction in the amount of labor employed.

Mr. G. R. Porter, in his "Progress of the Nation," gives a statement from the books of Mr. Thomas Houldsworth, laid before the Committee of Manufactures, which sat in 1833; and he shows in a similar manner the powers of machinery in augmenting the productive powers, as well as the earnings of the operative.

The development of the productive power of machinery by increasing the proportion of spindles to the number of hands employed is not a novelty of our time. Mr. Porter's work contains the following interesting calculation of the results attained by a former generation of cotton spinners:

"In the cotton mill of Messrs. Houldsworths in Glasgow, a spinner employed on a mule of 3,360 spindles and spinning cotton 120 hanks to the pound, produced, in 1823, working 74½ hours in the week, 46 pounds of yarn, his nett weekly earnings for which amounted to 26*s.* 7*d.* In 1833, the rate of wages having in the meanwhile been reduced 13⅓ per cent., and the time of working having been lessened to 69 hours, the spinner was enabled by the greater perfection of machinery to produce on a mule of the same number of spindles, 52½ pounds of yarn of the same fineness, and his nett weekly earnings were advanced to 29*s.* 10*d.*"

But a much more considerable economy than this was produced by increasing the size of the mules. Mr. Cowell, in the Supplementary Report of the Factory Commissioners, gives the following example of the effect on the spinner's earnings: "In the early part of last year a spinner produced 16 pounds of yarn of No. 200 from mules of the power of 300 to 324 spindles. Consulting the list of prices, I perceive that in May he was paid 3*s.* 6*d.* a pound; this gives 54*s.* for his gross receipts, out of which he had to pay 13*s.* for assistants. This leaves him with 41*s.* earnings. His mules are now converted into mules of the power of 648; he is paid 2*s.* 5*d.* a pound instead of 3*s.* 6*d.*; but he produces 32 pounds of yarn of the fineness of 200 hanks to the pound in 69 hours. His gross receipts are immediately raised to 77*s.* 4*d.* He requires five assistants to help him; but deducting 27*s.* for their pay from his gross receipts, there remains a sum of 50*s.* 4*d.* for his nett earnings for 69 hours' work, instead of 41*s.*, an increase of more than 20 per cent., while the cost of the yarn is reduced 13*d.* per pound."

It is perhaps less easy to substitute machinery for manual labor in engineering work than in any other branch of industry. But even in the construction of railways, labor has been greatly economized. In Denmark the cost of constructing railways has been reduced by 35 per cent. This reduction is entirely due to the improved system of working introduced by Mr. Rowan, the engineer, who has represented the firm of Peto, Brassey & Betts, in their Danish contracts.

Mr. Ballard, who has had great experience in making railways in England, gives a similar explanation of the reduction in the cost of making railways. He says that in England, as abroad, contractors can now obtain the coöperation of much more experienced sub-contractors; and that the introduction of the locomotive has made it practicable to carry a load of earth to a greater distance for the same money.

Mr. Wilcox, who has executed important contracts in Australia, in reply to the question as to whether it costs more to make a railway now than it did twenty years ago, replies: "I am of opinion that railways are now made considerably cheaper, though the rate paid for labor has increased to the extent perhaps of fifteen or twenty per cent. Railways are now less costly, owing to the greater skill in construction, and from other appliances being so much employed to do work which was formerly performed only by the labor of men and horses."

Mr. Nasmyth, in his evidence before the Trades Unions Commissioners, described very graphically how the long strike of 1851 made him anxious to develop to the utmost the use of labor-saving machinery. "The great future," he said, "of our modern mechanical improvement has been the introduction of self-acting tools. All that a mechanic has to do, and which any lad is able to do, is, not to labor, but to watch the beautiful functions of

the machine. All that class of men, who depended upon mere dexterity, are set aside altogether. I had four boys to one mechanic. By these mechanical contrivances I reduced the number of men in my employ, 1,500 hands, fully one-half. The result was that my profits were much increased."

With the increased use of machinery laborers can now be employed to make parts of locomotives which formerly could only have been produced by skilled artisans. By these means, in one of the largest locomotive establishments in England, the cost of manufacturing a first-class engine and tender has been steadily diminished, and the re-manufacture of iron rails which, in 1860, cost £7 15s. 0*d.* per ton, was reduced in eight years to £7 0*s.* 2*d.* per ton. In both cases the old rails were charged at the same price per ton.

In the opinion of Mr. Charles Manby, the price of locomotives is 7½ per cent. less than it was, having been reduced on the average, say from £2,600 to £2,300. There have been no changes in the rate of wages; but production is cheaper through the application of improved machinery.

Formerly, the furnaces in use in our iron manufacture were constructed with little regard to economy of fuel; but Mr. Lothian Bell says that, as soon as the cost of fuel increased, our manufacturers adopted the best methods for the purification of the coal and for its conversion into coke. for the use of waste heat from furnaces in driving machinery, and for the use of the best furnace gases, and that 500,000 tons of coal are annually saved by these discoveries in the Cleveland district alone.

Mr. Buddicom, an English locomotive engineer, who has had thirty years' experience on the Continent, and who was at the head of the Sotteville Works, a large establishment near Rouen, explains how the special difficulties with which they had to contend have stimulated the ingenuity of French engineers: "Formerly, when I was actively engaged in locomotive building, greater study was given to save the consumption of fuel in the workshops in France than in England. Fuel was so expensive—it cost 25*s.* a ton—that before the drawings of any piece of machinery were completed, the question of the quantity of fuel necessary to be used in producing it was a consideration, and frequently the form or the method of construction originally proposed underwent an entire modification, with a view to economize coal. I know that at one time my consumption of fuel for the manufacture of an engine did not exceed the cost of the fuel consumed in England; although the price of fuel in England was about one-third the price we had to pay."

The following extracts from the evidence of Mr. Hodges, who has had great experience in America, supply further illustrations of the stimulus given to the inventive faculty, by the difficulty arising from the high price of labor and the dearness of raw materials:

"In America the leading wheels of the locomotives and all the wheels of the railway carriages are constructed of cast-iron; but the railway authorities of this country would not sanction the use of cast-iron for those purposes. It is doubtful, indeed, whether cast-iron wheels could be obtained in this country of such qualty as to endure the wear and tear of railway traffic. In America cast-iron wheels are made of chilled iron, and they are found to answer the purpose admirably. At the commencement of the Grand Trunk Railway of Canada, a large quantity of cast-iron wheels were sent out from England, but it was found that they did not last. Wrought-iron wheels were then tried; but even these would not stand the work for which they were designed."

"In America the climate presents peculiar difficulties. When the summer weather breaks up there is a month of continuous rain, followed by intensely severe frost. The effect of the changes of weather was to consolidate the sleepers upon which the rails were placed, and to convert the ballast into an intensely hard mass, as rigid as the solid rock. When trains pass over a railway in this condition, a very severe jar is necessarily experienced, causing exceptional wear and tear to the rolling stock. The United States has been able to construct wheels of cast-iron, which will stand this; while we in England have scarcely been able to produce, even in wrought-iron, wheels which will endure the strain to which they are subjected in America. Again, America has displayed marvelous energy in the construction of all light machinery."

"The United States iron-masters have made wonderful strides, and their axles are amazingly strong; they are better than English axles. There is now a large manufactory at Montreal for axles, and their castings are admirable. Take, for example, such simple things as rain-water pipes. They are beautifully cast. You see them scarcely more that the eighth of an inch thick. We should have them five times as thick."

"In cast-iron they beat us out of the market. The superior quality of their cast-iron is due to their great skill in mixing the ores. The extreme cost of labor is the reason why they make these things of cast-iron."

"The construction of rolling stock formed a part of the contract for the Grand Trunk Railway, and when the contractors were about to establish workshops for the purpose of constructing carriages and other rolling stock, two clever mechanics were sent through the United States to examine the principal establishments in which similar railway stock was constructed. Although these men represented, as it were, a competition in trade, they were extremely well received wherever they went. They were freely supplied with drawings of all the most successful machines, and with every information necessary to enable them to set up a similar apparatus. Every well-tried labor-saving machine was introduced into our workshops. In England, in 1853, there were no morticing ma-

chines, and no planing machines such as we now see in every well-furnished establishment; but they had all those machines in Canada supplied from American manufacturers."

Mr. Hodges, while speaking in commendatory terms of the ingenuity displayed by America in the contrivance of all light machinery, is of opinion that in the construction of machinery for undertaking heavy work, England has carried the palm against every other nation.

Mr. Alfred Field told the Committee on Scientific Education that, in the United States, a workman in the hardware trade earns double the daily wages of an English workman; but labor-saving appliances have been brought to such perfection that in twenty-five classes of hardware goods, the United States are able to export largely into countries in which the pay of artisans is scarcely a quarter of the wage paid in America. They send their spades, shovels, axes, coopers' tools, and pumps to England, although raw material and wages are twice as dear in the United States as in England.

The rates of wages ordered for farm-laborers at the Labor Exchange in San Francisco, in September, 1870, were during the winter season from £5 to £6 per month and food and lodging found, and from £8 to £9 and food and lodging found during harvest. The wages of operatives in California were still more in advance of the rates paid in other States of the Union. Observe the effect of these extreme prices for labor. "The number of farm-laborers required in this State," says Mr. Booker, "is less in proportion to the land cultivated than in any other part of the Union. It probably does not exceed one hand to 100 acres. Every agricultural operation is performed by machinery. A great deal of soil is light, permitting the use of gang plows, and on the lightest lands the seed is distributed by the plow in front of the shares. Nothing more is done until the grain is ready for the sickle, when the reaping machine is used, and the threshing machine follows it."

The recently published Blue Book on the tenure of land in foreign countries is a compilation of immense value, and does honor to the diplomatic service of this country. It contains most interesting illustrations of the laws which govern the labor question. I have already, by numerous examples, endeavored to show that where labor is cheapest, the indifference to labor-saving machinery is most conspicuous; and that where labor is dearest it is most effectually economized. These axioms are strikingly illustrated by a comparison of the agriculture of Russia and Prussia with the agriculture of the United States and of those European countries in which labor is most liberally paid. To give a single example of this contrast of laborers to land in Russia, the proportion is one man to every 11½ acres. In Pennsylvania two men by the year, with two others during the harvest, will do the work on a farm of 100 acres.

In English agriculture the rise of wages has been considerable. It was recently stated by Mr. C. S. Read, M. P., that "within the last twenty years the remuneration of agricultural laborers had increased about 35 per cent. In 1851, in the six counties in which agricultural wages are the lowest, the average was *7s.* 1½*d.* per week. The wages in Dorsetshire, where the lowest rate is still paid, are now *8s.* In the Cotswold they range from *10s.* to *14s.*, and in Northumberland from *13s.* to *15s.* Farmers on light arable soils pay a higher rent per acre than they did twenty years ago. Then they paid *25s.*, now it costs them *35s.*; he did not get off under *40s.*"

I have quoted numerous examples to show how much dear labor stimulates invention, and how indifferent men become to the value of mechanical appliance when manual labor is very cheap.

An examination of these remarkable illustrations of the ingenuity of man, when his powers are developed by difficulties, confirms the opinion already expressed, that the productive powers of the different nations are more equal than might have been expected. Dear labor is the great obstacle to the extension of British trade. But we see how the cheap labor at the command of rival nations seems in some instances to exercise the same enervating influence as the delights of Capua on the soldiers of Hannibal.

THE RECENT PROGRESS OF NATIONAL DEBTS.

By R. Dudley Baxter.

[Abridged from the Journal of the London Statistical Society for March, 1874.]

A new series of National debts dates from 1848; all before that belonged to the old régime. They were contracted for the most part in the days of sailing ships, and post-roads, and semaphores, and were the result of that first great outburst of Democracy which swept over America and Europe a little less than a century ago; which in Europe was merged into military despotism, and finally extinguished by the resuscitated monarchies. The new debts began with the second struggle of Democracy and military empire, in the era of steamships and railroads, and electric telegraphs, and accumulations of wealth; which spread before Governments facilities and temptations, previously unknown, to tread that broad and easy downward road, whose consequences are described in the old distich, "He that goes a borrowing, goes a sorrowing."

I was anxious to have given a table of the annual additions to National debts from 1848 to the present time, but have found it impracticable to obtain reliable figures. Almost all statistics of National debts are approximations, and not accurate totals. England and the United States furnish elaborate annual, or even

monthly statements of indebtedness; but other nations are much more careless and vague, and leave us to gather information as best we can from all sorts of unauthorized sources, in which the amounts of external loans taken and paid up, the floating debt, the home debt, the currency debt, and the guarantees of railways or other public works, are often involved in confusion and obscurity. We can only give figures which afford an approximate idea of the progress of National borrowing. The total National debts were: In 1848, about £1,700,000,000; in 1873, about £4,680,000,000. Thus the increase in twenty-five years was £2,980,000,000, an increase of nearly double the original debts. But the rate of increase was very different before and after 1860. Up to 1860, National borrowing was chiefly in Europe. There had been the Revolution of 1848, the Crimean War of 1854, the French-Austrian War of 1859, which caused most of the borrowing. But the total loans scarcely averaged from 1848 to 1854, £20,000,000 a year; from 1855 to 1860, £50,000,000 a year. After 1860 there were the following great wars: 1. The American Civil War, 1861-65; 2. The Prussian-Austrian War, 1866; 3. The French-German War, 1870, leading to immense loans in America and Europe. During these years, an epidemic of borrowing set in all over the globe. Capital accumulated so rapidly, and capitalists were so ready and pressing with their loans, that all the States of the civilized and uncivilized world rushed to borrow them. Russia, Austria, and France contracted new debts without intermission. The South European States, Portugal, Spain, Italy, and Turkey eagerly increased their indebtedness. Egypt began to imitate Turkey. The United States whipped creation in the vastness of their five years' borrowing. Mexico, and all the Spanish and Portuguese States of South America flocked eagerly into the money market. Australia and New Zealand borrowed largely for public works. Some of these States borrowed for war, others for railways—but all borrowed. The average increase from National debts from 1861 to 1873, has been £200,000,000 a year.

If this average is kept up for twenty-five years more, our total National debt will be again doubled, and will reach, before the end of the century, in the year 1900, £10,000,000,000. The annual charge of such a debt at five per cent. will be £500,000,000, an amount equal to the present aggregate public revenues of all the States of Europe and North America.

Such are the possibilities of the future progress of National debts. Are they probabilities? Shall we see National debts augment in an ever-increasing ratio, like population, or the consumption of coal? Or are there reasons to think that borrowing will progress in a diminished ratio from the increase of National prudence and the decrease of National credit? Let us examine more in detail the debts and credit of the various States, to ascertain their different burdens, and means of meeting them.

The beginnings of National debts are almost always the same. An extraordinary expenditure is necessary, usually for warlike purposes, but sometimes for works of peace, which would press too hardly upon current revenue; and a loan is resorted to. The emergency continues through several years, necessitating further loans, negotiated on harder terms. It comes at last to an end, but leaves the National expenses permanently and considerably increased, partly by the interest of the debt, and partly by the inflated scale of expenditure which borrowed money constantly produces, both in the public service and in the nation. A strong and growing State will, then, impose sufficient taxation to prevent a continuance of borrowing, and even to provide surpluses for debt reduction. The credit of the nation rises, and the State is able to keep down the interest to the lowest rate current in the country, and bear its burden of debt on the easiest practicable terms, even if the debt itself is heavy, and should lead, as it did in the last century in the case of Holland, to loss of commerce and of political power.

But a declining or weakly governed State goes on with deficits and borrowing, to meet ordinary expenditure; and becomes continually more embarrassed in finances and compelled to borrow at higher rates. When the taxation becomes heavier than the nation can bear, credit comes to an end; perhaps political convulsion ensues; and the National debt vanishes in a National insolvency.

Hence there are four classes of indebted States that should be carefully distinguished. 1. *The Economical States*, whose debts grow less in proportion to their resources. 2. *The Vigorous Borrowing States*, that borrow freely, but not beyond their resources. 3. *The Over-borrowing and Declining States*, whose debts are heavy and continually increase more rapidly than their resources. 4. *The Defaulting or Insolvent States.*

I have prepared the tables that follow, classifying the different States according to their credit in the money markets of the world, as measured by the rate of interest which their stock can be purchased to pay; and also showing the increase in their debts since 1848. The classification by rate of interest on the price of the day appears to me more useful than any other for practical purposes of investment, because it embodies, in a rough and ready way, the judgment of the moneyed world upon each security. It enables investors to see at a glance the rate of interest they want, and to form an idea of the risk they are running.

One usual test of National debts is the amount of annual charge per head of population, which varies, for instance, from 8*d.* per head in British India, to 15*s.* 6*d.* in the United Kingdom. But this gives very little real information about the pressure or safety of the debt, because 8*d.* per head in India may be a heavier burden on the resources of the inhabitants than 15*s.* 6*d.* in England.

Another ordinary test is the ratio of the annual charge to the annual public revenue. But this is often misleading. For instance, the annual charge of the French debt is now about £32,000,000; which is nearly one-third of her expected revenue of £100,000,000. This looks a better preparation than the English debt charge of £24,000,000, out of a revenue of £70,000,000; whereas really it is very much worse. It also looks better than £32,000,000 out of £70,000,000, which would be the proportion if France had reduced her expenditure to £70,000,000.

I therefore prefer the tables of interest on price which you see before you. They fall naturally into four divisions, according to the rates of interest which the stock of the different States can be bought to pay. 1. States of Low Interest, viz., 3 and 4 per cent. 2. States of Moderate Interest, viz., 5 to 6½ per cent. 3. States of High Interest, viz., 6½ to 10 per cent. 4. States of Excessive Interest, viz., above 10 per cent.

The first and second of these classes correspond with the first two classes before mentioned, but the third and fourth are not necessarily declining or defaulting.

I. Public Debts at Low Interest.

Countries	*Debt.* 1848.	*Debt.* 1873.	*Interest per cent. on Market Price.*
THREE PER CENT. STATES.			
United Kingdom	£820,000,000	£785,000,000	3¼
Denmark	11,225,000	12,747,000*	3¼
	831,225,000	797,747,000	..
FOUR PER CENT. STATES.			
Holland	102,460,000	80,500,000*	4.0
Belgium	17,500,000	36,000,000*	4.0
German States	40,000,000	146,000,000*	4.0
India	50,000,000	130,000,000*	4.2
Canada	6,600,000	22,800,000*	4.6
Australia	....	39,400,000*	4.6
Sweden	600,000	6,700,000*	4.9
	£217,160,000	£461,400,000	..

These are the capitalist and economical States that pay off debt or borrow very moderately.

II. Public Debts at Moderate Interest.

Countries.	*Debt.* 1848.	*Debt.* 1873.	*Interest per cent. on Market Price.*
5 TO 6½ PER CENT. STATES.			
Morocco	..	£500,000*	5.0
United States	£48,000,000	{ 448,000,000 78,000,000* }	5.1
Brazil	7,000,000	63,000,000*	5.1
Russia	100,000,000	345,000,000*	5.3
France	182,000,000	900,000,000	5.3
Cape G. Hope, Mauritius, &c	..	4,020,000*	5.1
Chili	1,750,000	10,300,000*	5.7
Argentine Republic	2,150,000	16,300,000*	6.3
	£340,900,000	£1,865,120,000	..

These are the borrowing States, with good resources, whose credit is good in the money market.

III. Public Debts at High Interest.

Countries.	Debt. 1848.		Debt. 1868.		*Interest per cent. on Market Price.*
Six and a-Half and Seven per cent. States.					
Portugal	£17,000,000	.	£69,200,000*	.	6.7
Japan	....	.	8,645,000*	.	6.8
Hungary	....	.	17,570,000*	.	7.0
Austria	125,000,000	.	320,000,000*	.	7.5
Columbia	....	.	9,460,000*	.	7.4
Roumania	....	.	12,900,000*	.	7.8
	142,000,000	.	437,775,000		..
Eight to Ten per cent. States.					
Uruguay	....	.	8,000,000*	.	8.0
Italy	30,000,000	.	365,000,000*	.	8.2
Cuba	550,000	.	1,790,000*	.	8.2
Egypt	....	.	75,000,000*	.	9.0
Peru	2,500,000	.	38,000,000*	.	9.7
Ecuador	2,800,000	.	3,270,000‡	.	10.0
Turkey	....	.	129,000,000*	.	10.7
	£35,850,000	.	£620,060,000		..

These are the States whose expenditure exceeds their income, or whose other circumstances show some risk to lenders.

IV. Public Debts at Excessive Interest.†

Countries.	Debt. 1848.		Debt. 1868.		*Interest per cent. on Market Price.*
Guatemala	....	.	£1,200,000	.	14.5
Bolivia	....	.	1,700,000*	.	15.0
Spain	£113,000,000	.	373,000,000‡	.	16.5
Mexico	10,000,000	.	79,000,000‡	.	17.5
Costa Rica	....	.	3,400,000	.	22.0
Paraguay	....	.	3,000,000	.	25.0
Venezuela	....	.	16,700,000‡	.	25.0
San Domingo	....	.	750,000‡		..
Greece	10,000,000	..	12,000,000‡	.	33.0
Honduras	....	.	6,000,000‡	.	66.0
	£133,000,000	.	£496,750,000		..

These are the States of unsettled Governments and finances, and threatened or actual default of interest.

* Part of debt for railways or public works. The total debts for these purposes are estimated at about £500,000,000.

† I must acknowledge my indebtedness to the admirable tables of the "Economist" in its Investorio Monthly Manual for the latest amounts of the debts and their quotations at the end of 1873 and also to Mr. Hyde Clarke for important corrections.

‡ Defaulting States.

THE MONETARY SYSTEM OF BRAZIL.

No. I.

The currency of Brazil consists chiefly of depreciated paper money, issued by the Government, and its history is a very instructive one. Before entering upon it, we will give a brief sketch of the coinage operations of Brazil, of which a statement has been prepared by the Director of the Imperial Mint at Rio de Janeiro, and furnished us by the courtesy of L. F. D'Aguiar, Esq., Brazilian Consul at this city.

The operations of the Brazilian Mint (Casa da Moeda) date back 180 years. The coinage of money in Brazil was begun in 1694, when the Portuguese Government established a mint in the city of Bahia. During the four years of its existence that mint produced: In gold pieces,* 102,070 $ 000; in silver pieces, 818,952 $ 000. The gold marc of 64 octaves was worth 112 $ 640, and the silver marc 7 $ 600. The Bahia Mint was transferred in 1699 to Rio de Janeiro, and turned out in two years, in gold pieces, 612,644 $ 640; in silver pieces, 255,694 $ 940. The city of Pernambuco had also a small mint, which produced from 1700 to 1801: in gold pieces, 8,108 $ 000; in silver pieces, 428,383 $ 260. Total sum in gold and silver pieces turned out by those three provisory mints, 2,225,852 $ 980, of which 722,822 $ 640 in gold, and 1,503,030 $ 340 in silver.

As the gold pieces were then made of old coins, Angola gold and jewelry, and the silver pieces were formed of silver sets and coins of the different Spanish-American settlements, neither of them had the fineness of even 0,916⅔, for those coins and jewelry were then worked out of metals lacking the necessary affinage. Besides this, the coins turned out from the Luso-Brazilian mints were not of an uniform weight: thus, the largest gold piece, which should have 2 octaves and 20 grains, and be worth 4 $ 000, had sometimes 2 octaves 18 grains, and the silver coins of 5 octaves 28 grains in Portugal, were never heavier than 5 octaves 2 grains in Brazil.

In 1703, the Government closed all the other mints but the one at Rio de Janeiro, which was reorganized. It coined gold pieces of 0,916⅔ assay, and weighing 3 octaves, 1½ octaves, and 54 grains, and of the denominations of 4 $ 800, 2 $ 400, and 1 $ 200. In 1727, the Rio Mint began to turn out gold pieces of 12 $ 800, 6 $ 400, 3 $ 200 and 1 $ 600, weighing 8, 4, 2 octaves and one

* The sums given here are in *Réis*. This word is the plural of *Real*, and one *Real* in Brazilian money is about half a mill. In Portuguese coin, however, is about one mill. The modern Brazilian *Mil-réis* (written 1 $ 000, one thousand réis) is equal to 54 cents in gold. The Portuguese Mil-réis is worth about double that of Brazil.

octave, respectively, with the same assay of 0,916⅔. In 1832, the coinage of the 12 $ 800 and 4 $ 800 was suppressed by law.

By that time the affluence of gold had become so plentiful that the Government had thought advisable to re-open the Bahia Mint in 1714, for the coinage of the same pieces as in Rio; and also to create a new mint in the Province of Minas Geraes, in 1724, for the coinage of pieces with 15, and 7½ octaves, and with ¼ of octave. This last mint was closed, however, in 1735, after having turned out, by the nearest calculations, 15,000,000 $ 000 in gold pieces. It does not appear that it did coin silver.

The Bahia Mint was again suppressed after the independence of Brazil, having made, in gold pieces, 20,000,000 $ 000; in silver pieces, 10,000,000 $ 000; in copper pieces, 1,500,000 $ 000. Total, 31,500,000 $ 000. The Rio Mint, afterwards the National Mint, coined not only gold pieces of 0,916⅔ affinage, of the value of 102 $ 400 to the *Marc*, but also the gold coins of 2½ octaves, worth 4 $ 000, and the silver coins of 640 reis, weighing 4 octaves, 69 grains, and 0,900. From 1869 to this date, those coins of 640 réis began again to weigh 5 octaves.

Here is the total sum of the money turned out from the Rio Mint from 1703 to 1833: in gold pieces, 216,257,629 $ 928; in silver pieces, 16,516,366 $ 319. In 1833 the copper pieces were made by law as *subsidiary currency*. It is guessed that there were then in the Empire 18,000,000 $ 000 in pieces of that metal. The 80 réis pieces were reduced to 40 réis; those of 40 to 20, and those of 20 to 10. The new 40 réis were to weigh at least 7½ octaves, and the others in proportion.

From 1833 to 1839 the Rio Mint coined gold pieces of 2 $ 500, and with one octave of gold of 22 carats; and silver pieces of 11 pence of the value of 13,33 réis to the octave. Of those pieces there were coined; in gold, 950,784 $ 000; in silver, 67,390 $ 680. In 1846, the gold *marco* of 0,916⅔ had their value fixed by law at 250 $ 000, and the silver piece 16 $ 066. In 1849 the monetary system of Brazil was reformed. The octave of gold of 0,916⅔ fineness was valued at 4 $ 000. Silver coins of 25.5 grammes, of same fineness, began to be considered as *auxiliaries*, their value being set at 2 $ 000. In September, 1867, these silver pieces, and also those of 1 $ 000, began to receive the fineness of 0,900, and the following weights: those of 2 $ 000, 25 grammes; those of 1 $ 000, 12½ grammes. Silver pieces of 500 réis and 200 réis began also to be coined, of silver, 0,835, and of proportionate weight as the others. By the law of September 3d, 1870, the silver pieces began to have the same fineness and weight as previously to the law of September, 1867.

From 1849–1872, the Rio de Janeiro Mint coined: in gold pieces, 43,306,010 $ 000; in silver pieces, 18,446,045 $ 000; in alloyed copper, 628,770 $ 000.

In November of 1873, the mint began to make coins of *ternary alloying* (liga ternaria), weighing 12 grammes, and valued at 40 réis (about 2 cents).

RECAPITULATION OF THE AMOUNT OF COINAGE OF MONEY IN BRAZIL FROM 1694–1872.

Mints.	*Gold.*		*Silver.*		*Copper.*
Bahia...........	20,102,070 $ 000	..	10,818,952 $ 140	..	......
Pernambuco.....	8,108 $ 000	..	424,383 $ 260	..	......
Minas Gerdes....	15,000,000 $ 000	..	......	..	......
Rio de Janeiro...	261,126,968 $ 568	..	35,329,497 $ 039	..	628,770 $ 000
Copp. coin in Brazil before 1833.	......	..	......	..	18,000,000 $ 000
Total.......	296,237,146 $ 568	..	46,576,832 $ 439	..	18,628,770 $ 000

THE CERTIFICATION OF CHECKS.

LIABILITY OF BANKS WHERE CHECKS HAVE BEEN FRAUDULENTLY "RAISED."

One of the specific obligations of a banker is to honor the checks of his dealer, and in all commercial countries the law enforces this obligation to the full extent of the funds which the dealer has deposited in the banker's hands. For the convenience of their dealers, and as a means of economizing currency and facilitating business, our bankers have adopted the plan of certifying checks. This expedient of certification, we believe, is peculiar to this country, and some doubts have always obscured the precise limits of the liability which a bank assumes when it certifies a check. One of these doubts is as to the liability of a bank upon its certification held by a bonâ fide purchaser for value, where the check has been fraudulently "raised" before certification. This question has just been decided by the Court of Appeals of the State of New York. The case is that of The Marine National Bank *v.* The National City Bank. The action was to recover money paid under the following circumstances: A check was certified by the plaintiff, which prior to certification had been raised from $25 to $4,679.96. The defendant accepted the check and paid it in reliance upon the certification. The plaintiff reimbursed the defendant, but upon discovering the alteration the plaintiff demanded to have the money returned, and brought this action to recover such amount. The action was tried before Hon. Henry Nicoll, referee, who found in favor of plaintiff. The General Term reversed the judgment, and now the Court of Appeals has reversed the decision of General Term and affirmed the judgment entered upon the referee's report. The text of the decision is as follows:

"In order to sustain the judgment of the General Term the defendant must make out that it has parted with its money in reliance upon some assertion of the plaintiff in respect to the check, and which the plaintiff is therefore bound to make good. The whole question is, what did the plaintiff assert? Upon

this question we agree with the views expressed by the learned referee. When a check is presented to a bank on which it is drawn for certification, the purpose is to ascertain with certainty, what the bank alone can know, and this is, whether the drawers of the check have funds sufficient to meet it; and, further, to obtain the engagement of the bank that these funds shall not be withdrawn from the bank by the drawers of the check. To this extent the knowledge of the bank must of necessity enable it safely to go in the way of assertion; and its own power over its own funds will suffice to protect it as to its obligation.

"But if the doctrine contended for in opposition to this view is correct, and the certifying bank is bound to warrant, not only the genuineness of the drawers' signature and the sufficiency of their credit, but also the genuineness of the check in all its parts, including the specification of the amount to be paid and the names and identity of the payees, then obviously there must occur an immediate and complete change in the modes of doing business, which would defeat and practically put an end to the use of certified checks. For no bank under such a rule could safely certify a check without, in the first instance, investigating its origin and history by inquiry of the makers and payers. The burden of such inquiries could not be borne without interfering with or interrupting the other necessary business of the banks, and the practice of certifying checks would have to be abandoned, or a staff of inquirers instituted in every bank specially charged with these duties. It is plain that banks, in self-protection, would be compelled to refuse altogether to certify checks, and that this convenient and useful invention of modern business would come to an end.

"The mischief would arise from charging the banks with a knowledge that in the nature of things they cannot possess. With their responsibility limited to the facts within their knowledge, the practice imposes no burden upon banks and subserves the convenience of commerce. No construction ought to be put on acts, in the usual course of business, which will impose upon the parties interested the necessity of immediately altering it. For, as the question is necessarily what did the parties mean, we cannot without violent construction attribute to them a meaning so burdensome that it will necessitate a change of the usual way of doing business. Such a meaning we know they cannot have entertained. We have been referred to various expressions in different cases, stating in quite positive and general terms the obligation of banks upon certified checks: Farmers' Bank *v.* Butchers' Bank, 16 *N. Y.* 125; First National Bank *v.* Leach, 52 *id.* 350; Cooke *v.* State National Bank, *id.* 115. These are to be construed with reference to the facts disclosed in the cases. In such cases the question has been, in various forms, whether the bank certifying a check could defend itself upon the ground of want of authority in the certifying officer, or that the drawer had no funds. These being facts within the knowledge of the certifying bank, it was necessarily precluded from disputing its certificate. But there is no ground of reason or authority for extending the rule to matters not being especially within the knowledge of the certifying bank, such as those which form the ground in this case on which the bank's claim of immunity rests.

"The order of the General Term granting a new trial should be reversed, and the judgment entered on the report of the referee be affirmed."

Against this decision the argument has been urged, that the public would be compelled to draw currency from the banks, in cases where they have heretofore been content with simply getting a check certified and depositing it in another bank for settlement by the exchanges of the Clearing-House. We are much inclined to doubt this prediction. If any broker in Wall street were to venture upon the course suggested, he would attract toward himself the unfavorable notice both of other brokers and also of the banks. How his business would be likely to shrink and suffer under the atmosphere of hostility that would thus be evoked around him, may easily be foreseen. If changes in the methods of business should occur, to a noteworthy extent, we should rather look for such changes to operate for the revival of the project of a Stock Exchange Clearing-House. In a few exceptional cases, we have reason to know that the use of certified checks has been temporarily restricted, and in counter transactions with strangers certified checks do not pass with the same ease as before this decision.

OUR FINANCIAL SITUATION AND THE REMEDY.

By Robert Morris.

No 2.

The most extraordinary financial, or, to speak more accurately, *politico*-financial blow ever struck in the United States,—that which made and left the deepest impression on the popular mind, was the blow struck by the hard-money Democratic party of 1828-1836, in the name of Andrew Jackson, against the Bank of the United States. It suited the leaders of the party to give to the pending issue, which involved the gravest question of public policy that can enter into government, the character of a bitter personal quarrel between the President of the United States and Mr. Biddle, the President of the Bank. On this quarrel the financial destiny of the country was determined for the next third of a century, when a new régime of finance was initiated by the necessities of the war of the rebellion. The issue of $400,000,000 of paper money as a legal-tender medium in lieu of specie, and the organization of the National banking system, opened a new career of "experiment," which has resulted, up to the present time, in a state of financial uncertainty, chaos, and economical embarrassment, unparalleled in the history of our Government. The President, in his late message to Congress, says that the nation has not for many years witnessed "such a prostration in business and industries" as we are now laboring under. He calls attention to the fact that labor and capital are abundant, but both largely unemployed. "Our soil and climate," he says, "are unequaled for variety of products to feed and clothe a people, and in the amount of surplus to spare to feed less favored peoples. Therefore, with these facts in view, it seems to me that wise statesmen at this session of Congress would dictate legislation ignoring the past," etc. By this the President means that Congress shall act on the simple merits of the subject, which he indicates in a few words, such as "abundant capital and labor, climate and soil unequaled for variety of products and fertility," etc. It is certainly a rational view, that, with such "elements" as these, Congress ought to be able to construct a system of finance which shall place us on even ground with the other markets of the world. We have been on such ground in times past, when our resources were far inferior to what they now are, our means of vigorous action much less efficient, and our accumulation of capital comparatively small. Why can we not be so again, with vastly greater means at command? Such is the point of view

of the President. He has made one stupendous admission, which I had not looked for, and which, to my mind, shows the sincerity of his recommendation to Congress, to *ignore the past.* "It has proved impossible," he says, "to keep the National currency on a par with the recognized currency of the civilized world." He does not hesitate to abandon a system which is still popular with the country—which its deluded advocates still laud as giving "the best currency the world has ever seen." This currency, the President says, *can not be kept at par with specie!* The opening debates of the present session of Congress indicate a growing distrust of it. There is very little doubt that its death-note is sounded in these warnings, and that the only question left unsolved is, by what kind of currency shall it be supplanted? The profits of circulation being withdrawn, the National banks will rush into voluntary liquidation. It is from this point of observation that the President and the Secretary of the Treasury coincide in recommending "*Free Banking.*" It may help those to whom the incubation of this scheme (which would be much better characterized by the title of *Free Piracy*) may be intrusted, to be advised that there is a bill for Free Banking already drawn to hand, consisting of eleven sections—that it was introduced in the Maryland Legislature by Mr. Charles F. Mayer, a member from Baltimore, in the year 1831, and failed to pass that body. What was called the Free Banking Law of New York was passed by the Legislature of that State in 1838. A short experience made it manifest that there was *too much* freedom in it; and it was modified by such restrictions as were found necessary to prevent abuses and frauds. The present National system closely coincides with the New York law in its characteristic features. It would be difficult to organize a plan of banking more "free" than this, with a due regard for public interests. I propose in my next paper to give an exhaustive analysis of this much vaunted, little understood, and mythical "cure all" for the evils of our financial system. The pressing point now in hand is to find an immediate remedy for our "prostration in business and industries" of which President Grant speaks in his message.

I do not understand the President to mean that the teachings of experience shall be rejected, when he suggests that the past shall be "ignored." He wishes merely to convey an admonition that all irrelevant discussion on the errors of the past, and responsibility for them, shall be foregone, and that Congress shall turn its attention directly and solely to the present emergencies of our condition. It is of the first importance that we refer to our experience. In endeavoring to mark out a new path, we desire not to repeat old blunders. We learn more from that experience which has plunged us into embarrassment than from that which has been attended by the most brilliant success. The former warns us, and awakens our judgment; the latter intoxicates, and makes us fool-confident.

In my former paper I advanced the proposition, that our main difficulty and danger in the present juncture of our affairs consist in the fact that our general credit has never had the support of an adequate base. It has been extended with the growth of the country; the resources and accumulations of the country have been sufficient in quantity to justify it; but they have not been organized. Organization is a process of thought and reasoning by the few. The mass of people deal with results, not with methods. What can be more apparent than the truth of the proposition that the stabilitation and soundness of credit depends on an enlargement of base in proportion with the height and spread of superstructure? Let this enlargement be arrested while the superstructure continues to grow, and no amount of accumulated wealth will avail to prevent the whole building from toppling over. This is our precise condition. We are better able to pay our debts than any other nation. Our embarrassment is not for want of means, but for want of organization of means. If our experience teaches anything, it teaches this truth. We are like an army superior in number, force, and equipment to the enemy; but the enemy, being concentrated and capable of united action, beats our scattered divisions one by one, and is master of the field. The financial system of the United States has always been constructed on this plan of segregation, excepting the time covered by the two National Banks—from 1791 to 1811, and from 1816 to 1836—a term, united, of forty years; but even in that time the Democratic party was the constant foe of credit, and obstructed the natural growth of the base on which it rested. Of the 85 years of our financial history, not more than 25 can fairly be considered as having been under the régime of anything like an organized financial system; while the full length of 60 years has been under that of divided counsels and conflicting laws. At the opening of the civil war, it was governed by the laws of 34 separate Legislatures, and the ruling precept of the banking system of the country was most truly expressed in the proverb, that can not be softened without destroying its force—"Every one for himself and the devil take the hindmost."

My plan of organization is this: To conjoin in one capital as many of the present National banks as shall, within a given period, signify assent to such union, thus constituting a capital of (presumably) three hundred million dollars, leaving a residue of two hundred million to be made up of new capital. There would be no more difficulty in this reorganization than there was in the change from State to National banks under the present law. The bank should be constituted the fiscal agent of the Government, whereby the sub-treasury would be superseded, and its current balance of $140,000,000 be made a part of the active currency of the country, in the shape of specie, and paper money redeemable in specie. The bank should have the sole power of the issue of paper money, which should be secured by

pledge of Government stocks, and made redeemable on demand in gold and silver. The general organization of the institution should be such as experience justifies—approaching to that of the old Banks of the United States and the Bank of England, but subject to such modifications as the circumstances of the time and the condition of our country may make expedient. This outline is enough to "set the ball in motion." The duration of the charter of such an institution should not be less than fifty years. Of all absurdities of objection to a National bank of large capital, none is more absurd than the common one, which is nothing but the slang of tradition, conveyed in the question, "Where will you find men fit to be trusted as directors of such an institution?" I answer by another question, "Where will you find men worthy of the greater trust, of power over the liberties of the people?" Most imbecile must be a people that holds back from doing the right, on the ground that it has no citizens fit to be trusted with the powers necessary to the end! A more superficial pretext never entered the human brain. Have we not, in almost perpetual session, a legislative body whose business it is to make, modify, repeal, or otherwise take cognizance of every act and proceeding that enters into government? Have we already come to the end of the great experiment of self-government?

I conclude this paper by throwing out one or two general propositions. (1) That the destiny of society on the continent of America is in the hands of each succeeding generation; (2) that it is God, and not man, who sets bounds to human empire; and that the United States presents, at the present time, the greatest scene of life, and the grandest problems which are to be worked out by human intellect; and (3) that God puts no duties on man for which He does not at the same time give the faculty of successful performance.

HOW CAN WE RE-ESTABLISH A COIN BASIS?

To the Editor of the Banker's Magazine:

This question has been constantly agitated for the last ten years, without any real success in the solution of the problem. Much has been written and spoken on the subject, and many efforts have been made by our best financiers in each session of Congress, seemingly without having arrived at the solution. Most of the attempts at the resumption of specie payments have been based on the policy of a reduction in the legal-tender circulation, founded on the well-known business principle that the scarcity of a commodity enhances its value. The theory is perfect, but its advocates have not sufficiently considered its practical workings. At the present time a large portion of our country is calling for an increase of currency, as was witnessed by the great efforts of

Western men in the last Congress. Representatives of every Western State are pouring into California, and the invariable complaint is of hard times—the scarcity of money.

If such a state of affairs now exists, what may we expect should any decided action be taken in a reduction of the amount of currency? Such a course seems inexpedient, to me, for the accomplishment of the desired end. We have another policy by which, possibly, the same result may be attained, without serious injury to the trade, and that is to increase the circulation of gold. If a reduction in the quantity of a commodity *increases*, an increase in the quantity will *decrease* its value, and as, for the reasons above given, I consider it inexpedient to reduce the volume of currency to enhance its value, let us by some means *increase* the *gold circulation* to reduce its value.

How are we to increase the gold circulation? The interest paid on Government Bonds held in foreign markets, and the gold payments on imports, will continue in all probability to affect the amount of gold received for exports and the yield of our mines; consequently we must establish a *representative* value, issued by the Government and secured by its pledge.

The Government could not issue a *demand* gold note, and meet its obligations; but is it not possible to issue *time* gold notes, or *certificates*, to be used in retiring greenbacks, in the order in which they were issued,—to be made a legal tender in the same sense as are greenbacks, and the time for payment regulated, so that there may be no failure on the part of the Government in any contingency to redeem, should a redemption be demanded? It seems to me that, in consideration of the favor extended our present legal-tender circulation, purporting to be payable on demand, when really it is irredeemable, notes of this nature payable in gold, at a fixed date, would certainly meet with more favor, and that such an issue would, beyond doubt, materially reduce the premium on gold.

If necessary, each series of these notes could be made payable at dates remote from each other series. After the first issue is set afloat, subsequent issues, though redeemable at later dates, would meet with as great favor. Maturing bonds could be paid off with these notes as a compromise of dissensions in regard to the intent of the law, without complaint on the part of the holder. In the time allowed for the maturing of the first issue of them, the Government will have ample opportunity to provide for their redemption.

The first great step, in my judgment, will be to discontinue the present policy of speculation in the sale of gold, by which course the Government not only recognizes the premium, but *encourages* the maintaining of a premium in the value of gold over currency. As the time arrives for redeeming the first series of these notes, if there is an insufficiency of coin in the Treasury, a temporary loan can be made to meet the demand. It can

safely be asserted, that after the obligation of redemption has actually been fulfilled, the value of the notes will be forever established. Afterward, as the gold flows into the Treasury, in the course of exchange, it can be applied to the repayment of the loan.

I do not think that such a contingency will arise, for the reason that after the notes have once gained the confidence of the public, they will be circulated at par with gold; and the time for redemption, notwithstanding the day fixed, will be at the option of the Government. I will say nothing of their convenience over gold, as that is amply illustrated by the popularity of the gold notes of California. They will gradually supplant greenbacks in the National Bank reserves until the National Bank-notes will be at par with them, and our circulating medium will be as much of a value with gold as are the notes of the Bank of England.

A CALIFORNIA BANKER.

STATE BANKS AMENABLE TO FULL USURY PENALTIES.

DECISION OF THE NEW YORK COURT OF APPEALS.

It is a remarkable illustration of the profound antagonism which exists between usury laws and the spirit and requirements of modern commerce, that wherever such laws have been enacted in any commercial country they are always evaded to a greater extent than any legislative regulations can safely be in a well-ordered State. One aspect of this principle is conspicuously brought to view in the decision of the Court of Appeals which is reported below. The case was Farmers' Bank of Fayetteville *v.* Hale et al. The bank is an Association organized under the general banking law of the State of New York. This bank took eight per cent. interest on a note, and the question was, whether this usurious act rendered the note absolutely void, or simply wrought a forfeiture of the interest. Judge Hardin, who delivered the opinion at General Term, decided that under the new Usury Amendment Law of 1870, State banks were exempted from the heavier penalties of the old usury law, and were liable to forfeiture of interest only in cases of usury. This decision has just been reversed by the Court of Appeals. The opinion of the Court was delivered by Chief Justice Church, and is as follows:

OPINION OF THE COURT.

The question is, whether, since the decision of this Court that National banks in this State were subject to the usury laws of the State, and that the provisions of the National Bank Act limiting forfeiture for taking usury applied only to banks located in States and Territories where no usury laws existed, the Act of the Legislature (chap. 163, laws of 1870) is operative to limit the forfeiture for taking usury by the State banks organized under the general banking laws of this State, to the interest only. It is claimed that this act, in

effect, has repealed the usury laws of the State as to State banks, and conferred upon them the exclusive privilege of taking usury at the risk only of a forfeiture of interest, which, as a preventive, is of no practical benefit. It is quite true that the Legislature possesses this power, and if a fair and reasonable construction of the act leads to this result, we have no alternative but to so adjudge; but if the provisions of the act are capable of a different construction, consistently with legal principles, all will agree that such construction should be adopted. The circumstances are somewhat peculiar, but, applying the analogies of the law and established principles, we must determine the true meaning of the act.

It may be conceded that the first section of the act, standing alone, would supersede the usury laws and operate as a repeal, by implication, so far as applicable to banking associations. But the claim that this section is in force underrates the effect of and misconstrues the second section of the act, which is, "It is hereby declared that the true intent and meaning of this act is to place the banking associations organized and doing business as aforesaid on an equality in the particulars in this act referred to, with the National banks organized under the Act of Congress." The cardinal rule for the construction of legislative acts is to ascertain the intent of the Legislature. When that is determined the language must yield to that intent. We are not left to conjecture as to the intent in this case. It is expressly declared, and is part of the law itself, and to carry out that intent all other parts of the act must yield.

The declared intent is, that, notwithstanding the language of the first section, this act shall only have the effect of giving the State banks the same rights and privileges, and making them subject to the same forfeitures in respect to taking usury, as the National banks have under the Act of Congress. If this had been the language no question could have been made. The rights and liabilities of National banks under the Federal act would have been the measure of the rights of State banks. The language employed in the second section, while it might have been more expressive, has the same meaning. It declares the intent and meaning to be to place State banks on an equality with National banks under the National act.

Equality means the same rights and privileges and the same forfeitures, and it means nothing else. If this expressed meaning is to prevail, the State banks can have no other or different rights, nor be subject to any other or different forfeitures than National banks. It follows that if National banks were, notwithstanding the National act, subject to the usury laws of the State, the State banks were also, or else the declared meaning of equality is nugatory. It is said that this renders the statute inoperative, and that this result must be avoided. This is a plausible, but not a valid or sound position. There is nothing in the Constitution nor in any legal principle to prevent the Legislature from passing an act with provisions which render it inoperative. When different constructions may be put upon an act, one of which will accomplish the purpose of the Legislature, and the other render the act nugatory, the former should be adopted; but when the provisions of an act are such that to make it operative would violate the declared meaning of the Legislature, courts should be astute in construing it as inoperative. We may consider the circumstances existing at the time. We may take notice of the fact that the National banks of this State acted upon a construction of the Act of Congress which applied its provisions to them, and it is not too much to assert that such was the general understanding, and it does no harm to admit that such was the understanding of the Legislature. These facts doubtless induced the passage of the act, but the language employed shows that the Legislature intended to guard against a mistaken construction.

If the act had declared that the Act of Congress, having limited forfeitures for usury taken by National banks to the interest only, and that it was therefore enacted that forfeitures for usury taken by State banks should be also limited to interest only, this would have been an enactment by the Legislature of the provisions of the Federal act as construed by it, and although the construction would have been a mistaken one, the act would have been valid and

operative. This was not the form adopted. The Legislature, instead of enacting their construction of the National act, qualified it by hereby placing the State banks upon an equality with the National banks, and in doing so they expressly negatived the intent to give the State banks superior privileges in respect to forfeitures for taking usury, as the Federal act has been adjudged not to apply to National banks located in this State. The Court, in holding the Act of 1870 inoperative, are but carrying out the express provisions of the act itself and the declared intentions of the Legislature, and although the circumstances are exceptional, yet it is in conformity to established rules.

The suggestion of the learned Judge, in the opinion at General Term, that inasmuch as the act does not specify equality with the National banks of the State, it would be justifiable, in order to make the act operative, to infer that the Legislature intended to declare the equality of State banks with National banks in the States and Territories where usury laws do not exist, illustrates the dangerous and erroneous character of the position that any possible construction should be adopted to make the act operative in a case where it is evident that to do so would violate the intent of the Legislature. Such a construction would convict the Legislature of an intent to give State banks a monopoly in taking usury, and of doing it by a device unworthy of a legislative body. To avoid such a conclusion (which would be unjust in fact), we should adopt any construction justified by the language. It is also said that the second section should be regarded as a saving clause or a proviso, and that, if repugnant to the purview of the act, it is void. There is a distinction between the effect of a repugnant saving clause and a repugnant proviso. Whether any sound reason exists for the distinction or not it seems to be recognized as a settled rule. A saving clause is only an exception of a special thing out of the general things mentioned in the statute, and, if repugnant to the purview, is void. (Potter's Dwaris, 117.) The office of a proviso is more extensive. It is used to qualify or restrain the general provisions of an act, or to exclude any possible ground of interpretation as extending to cases not intended by the Legislature to be brought within its purview (ib. 118, note and cases cited, 1 Kent Com. 463, note a), and if repugnant to the purview it is not void, but stands as the last expression of the Legislature. (ib. 23 Maine, 360.) If, therefore, technical rules are applied, and the second section is regarded as a proviso, it must stand and control the previous provisions. If a proviso had been inserted in form at the end of the first section, declaring in terms that the act should not be operative beyond placing State banks upon an equality with National banks under the Federal act, it would have been a valid restraint upon the other provisions, according to the strictest rules of construction. This is the fair import of the second section. It declares the meaning of the act to be equality, and equality can only be attained by declaring the act inoperative in consequence of the adjudged inapplicability of the provisions of the Act of Congress limiting forfeitures to National banks located in this State.

The second section is quite as effective as if in form of a proviso. In fact it is an independent portion of the statute, and must have its legitimate force and effect. To avoid these views, it is said the second section was intended only to declare the reason for passing the first section. This is as untenable as the other ground taken in favor of the extraordinary construction claimed. The language does not justify it. Instead of employing words expressive simply of a reason for passing the first section, which might be appropriate in a preamble reciting the occasion for the act, it declares in effect that the act shall be construed to mean and produce equality, and this is as binding as any other part; indeed it controls, restrains and qualifies the other parts. It is a binding, operative provision, and in no just way can it be diluted into a mere reason for passing the first section. It is also urged that the act may have beguiled the banks into the practice of taking usury, and that therefore it would be unjust to hold it inoperative. This argument is entitled to no weight. Up to the time of the decision of The National Bank of Whitehall *vs.* Lamb, the State banks and the National banks were upon an equality in this respect. They both doubtless supposed that usury might be exacted with impunity. After that decision there could be no delusion on the subject, nor

was there any. Every layman would understand the meaning of the act by its plain language, and every banker knows the difference between equality and monopoly, and that if the National banks were still subject to the usury laws, the State banks were also, and it is believed that this view was generally adopted, but if not, those who have violated the law must suffer the consequences. In substance we are asked to declare inequality between National and State banks, in respect to taking usury, in the face of the legislative mandate declaring equality, and this we have no right to do. It is certain that the Legislature did not contemplate such a result, and I am confident that neither the language of the act nor any principle of law will justify it. I am in favor of a reversal of the judgment.

In this decision Justices Allen, Folger and Rapallo concurred, while Justices Johnson, Grover and Andrews dissented. An elaborate opinion was delivered by Mr. Justice Johnson, in which he argues with great ability that the intention of the Legislature was to exempt State banks from all usury penalties except the forfeiture of interest. Judge Allen also read an opinion in support of the decision of the Court, which is, that the intention of the Legislature was to put the State banks on the same level with the National banks with regard to usury penalties. This is now the law in the State of New York, as is explained on a previous page of this issue.

INSURANCE TAXATION.—"If there is," says Mr. David A. Wells, in a paper lately read in this city, "a department of social science labor in which laborers are more needed, and in which greater results are attainable, than in the department of study and inquiry as to the best methods by which private property can be taken by the State for public uses, I have been unable to discover it." It is a fact, we suppose, tolerably well understood, that in no attempts to solve this inquiry have less satisfactory results been attained than when those attempts have been turned toward taxation of insurance. The ordinary course taken is a taxation of the entire receipts of a company. In many States these are taxed two or three times, as when the State levies a tax on the whole, and then allows the several municipalities to add their local burdens for the support of fire departments, or charitable institutions, or medical colleges, or insane asylums. Latterly, the State of Maine undertook the business and went so far on the road to equity as to exempt from taxation the losses of the insurer, but still insisting upon taxing its expenses. As was very shrewdly remarked by a member of the Legislature, if they had gone so far in equity as to exempt expenses, there would have been nothing left to tax; an admission that, if justice had been consulted instead of the necessities of revenue, no tax would have been laid at all. And this is doubtless where the pursuit of economic truth would lead all our legislators. Insurance is itself a tax, and every agent is a tax-gatherer. Every dollar paid for the expenses of Government is a dollar lost, and every man who lives from its collection and disbursement is living at the expense of the industry of the country, as every dollar lost by fire and the money value of every life that fails is absolutely lost beyond recall. As we gather from all our industries the taxes which support Government, so we gather from all property the means to equalize the losses by fire and death. What should we think of the wisdom of a State which should lay a tax upon the money collected for taxes by its town and county treasurers, and imagine that thereby it was lightening its own burdens? And what shall we think of the wisdom of a community that, having paid the tax upon its houses and lives which is necessary to protect them, thinks to save money or gain it by taxing that tax while in the hands of the agents or companies which are to distribute it?

INQUIRIES OF CORRESPONDENTS,

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CERTIFICATES OF DEPOSIT AND POST NOTES.

——— WISCONSIN, Nov., 1874.

I have read with much interest your article, in your November issue, entitled "The Banks and the Comptroller of the Currency," and fully agree with your conclusions as to time drafts and certificates payable at a certain fixed date in the future, being "post notes," and a consequent violation of the 23d section of the National Currency Act. Will you please inform me whether, in your opinion, a deposit receipt bearing interest and payable at a fixed date in the future, but not negotiable (the words "or order" or "or bearer" being omitted), and hence not a circulating note, cannot be used and issued by a National bank without violating the letter or the spirit of the National Currency law? Your opinion on this point will much oblige me and doubtless be of interest to many other bankers. I inclose a certificate worded as above mentioned. Can it be called a "post note?"

REPLY.—A certificate of deposit payable to the depositor himself "in three months from date" seems to us to bring it within the category of "post notes," under the 23d Sec. of National Banking Act.

The point is: Does the depositor surrender for the time specified in the contract, his control over the money deposited? This he clearly appears to do, and such surrender decides the status of the document as a "post note." If the conditions were "payable to himself [or order] with interest at 5 per cent. per annum if left for three months, otherwise no interest," the case would be entirely different. No violation of Sec. 23 would then occur.

II. THE PROTEST OF DUPLICATE CHECKS.

——— TEXAS, 1874.

Please inform us if it is usual to protest duplicate drafts when the originals have already been paid; and if so, is it right for a notary public to send us such notice without giving any reason for non-payment? We were notified by a notary public that our draft had been protested for non-payment, and in consequence we went to some expense in telegraphing our New York correspondent to know the cause, when we were informed that it was a *duplicate* which had been *protested*, the *original* having been paid. The bank that ordered protest and the notary public each refused to refund our expense. Is there no recourse?

REPLY.—The protest of a duplicate draft, when payment is refused on account of the original being already paid, is just as much a necessity in order to hold an *endorser*, as it would be under any other reason for non-payment. Common courtesy would seem to demand that the notary mention such a reason in his notice of protest. But we doubt whether any of the hurried notaries of this city would take time and trouble to add any words not absolutely needed for a legal form. You have apparently no recourse for the loss and annoyance to which you have been subjected. The issuing of duplicate drafts is always attended with risk of annoyance and trouble, and banks, with good reason, dislike to have such checks drawn on them.

III. Is Endorsement of Payee Always Essential?

——— Iowa, 1874.

Please to inform me if, in your opinion, a check drawn on a bank to (say) John Jones or order must necessarily be endorsed by John Jones in case the money is paid direct to him. I claim it is, while our President claims not, as the absence of endorsement shows the money to be paid to the payee.

Reply.—If a check payable to John Jones be paid to himself personally, it is a good voucher in the hands of the bank against the drawer's account. But in case of any dispute as to its having been properly paid, the burden of proof falls upon the bank to show that it was actually paid to Jones. If the bank can so prove without the endorsement of payee, the transaction is secure. Custom and common sense require the endorsement, as showing the transaction in the simplest way, because proof without it must often be very difficult. The testimony of a witness would be equally conclusive if to be had.

IV. Acceptance on the Back of a Draft.

Foxburg, Pa., 1874.

Would you consider the enclosed draft (which is accepted on its back) properly accepted by the drawee? Is there any law that prescribes *where* the name shall be written in order to make the acceptance valid? The evident *intention* is to accept the draft, but would the proof of intention hold the firm in case they should put in a defense? How would it be in the hands of a third party?

Reply.—The acceptance of a draft by signature of drawee on the back of the paper is valid. The law does not limit the place on draft where the acceptance must be written.

The *intention* of a contract is everything. Its proof is supposed to be the written document. Being a valid contract, it is good, when duly transferred by endorsement, in the hands of a third party.

V. Bills of Lading as Security.

Mobile, November, 1874.

Does a bill of lading consigned to drawee accompanying a sight draft cover the property after acceptance of draft?

If a draft payable at sight (where grace is allowed by statute) accompanied by bill of lading consigned to drawee is accepted, should the bill of lading be held for maturity of draft or surrendered upon acceptance, no instructions to deliver bill of lading being received?

Can I protest the draft where the drawee refuses to accept, unless bills of lading are surrendered?

Reply.—A bill of lading, as ordinarily drawn, is simply that assurance of shipment to a consignee which justifies him in accepting the draft based on it. It is not a negotiable document, nor is it a good security unless the property be shipped to the order of the purchaser of the draft. If drawn to the order of the shipper and by him endorsed to the holder, it will carry a good title to a bona fide purchaser; but in the event of stoppage by the shipper of the goods in transitu, or their attachment by another creditor, much trouble and delay may ensue.

Instructions as to surrender of bill of lading should always accompany the draft, and in their absence, the bank receiving them cannot surrender the bill of lading on acceptance of draft without assuming risk. In case of non-acceptance protest follows just as if there were no bill of lading in the question.

THE SENATE FINANCE BILL.

As this new financial measure is of so great practical importance, and as it will be a topic of general discussion in banking circles, we give below the full text of the bill as passed by the Senate on the 22d December. Its professed object is to provide for the resumption of specie payments.

THE SENATE FINANCE BILL.

Be it enacted, &c., That the Secretary of the Treasury is hereby authorized and required, as rapidly as practicable, to cause to be coined at the mints of the United States, silver coins of denominations of ten, twenty-five and fifty cents, of standard value, and to issue them in redemption of an equal number and amount of fractional currency of similar denomination; or, at his discretion, he may issue such silver coins through the Mints, Sub-Treasuries, public depositories, and Post-Offices of the United States, and upon such issue he is hereby authorized and required to redeem an equal amount of such fractional currency, until the whole amount of currency outstanding shall be redeemed.

SECTION 2. That so much of section 3,524 of the Revised Statutes of the United States as provides for a charge of one-fifth of one per centum for converting standard gold bullion into coin is hereby repealed, and hereafter no charge shall be made for that service.

SECTION 3. That section 5,777 of the Revised Statutes of the United States, limiting the aggregate amount of the circulating notes of National banking associations be and is hereby repealed, and each existing banking association may increase its circulating notes in accordance with the existing law, without respect to said aggregate limit, and new banking associations may be organized in accordance with the existing law, without respect to said aggregate limit; and the provisions of the law for the withdrawal and redistribution of National currency among the several States and Territories are hereby repealed; and whenever and so often as circulating notes shall be issued to any such banking association, so increasing its capital or circulating notes, or so newly organized as aforesaid, it shall be the duty of the Secretary of the Treasury to redeem the legal-tender United States notes in excess only of $300,000,000, to the amount of eighty per centum of the sum of National bank-notes so issued to any such banking association as aforesaid, and to continue such redemption as such circulating notes are issued until there shall be outstanding the sum of $300,000,000 of such legal-tender United States notes, and no more. And on and after the 1st day of January, A. D. 1879, the Secretary of the Treasury shall redeem in coin the United States legal-tender notes then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United States, in the City of New York, in sums of not less than $50. And to enable the Secretary of the Treasury to prepare and provide for the redemption in this act authorized or required, he is authorized to use any surplus revenues from time to time in the Treasury not otherwise appropriated, and to issue, sell, and dispose of, at not less than par in coin, either of the description of bonds of the United States described in the act of Congress approved July 14, 1870, entitled "An act to authorize the refunding of the National debt," with like qualities, privileges, and exemptions, to the extent necessary to carry this act into effect, and to use the proceeds thereof for the purposes aforesaid.

And all provisions of law inconsistent with the provisions of this act are hereby repealed.

SUMMARY OF THE LOANS OF THE UNITED STATES, DECEMBER, 1874.

Title.	Interest in Gold.	Interest Payable.	Date of Act.	Date of Bonds.	Redeemable after	Payable	Amount Issued.	Amount Outstanding.
Loan of 1858	5	Jan. & July	June 14, 1858	Jan. 1, 1859	Jan. 1, 1874	——	$20,000,000	$260,000
Loan of Feb., 1861 ('81s)	6	Jan. & July	Feb. 8, 1861	1861	——	Dec. 31, 1880	18,415,000	18,415,000
Oregon War Debt	6	Jan. & July	March 2, 1861	July 1, 1861	——	July 1, 1881	1,090,850	945,000
Loan of July & August, 1861 ('81s)	6	Jan. & July	July 17th and Aug. 5, 1861	Nov. 16, 1861	June 30, 1881	——	189,317,400	189,321,350
Five-twenties of 1862	6	May & Nov.	Feb. 25, 1862 & sup'y acts	May 1, 1862	May 1, 1867	May 1, 1882	514,771,600	121,306,350
Loan of 1863 ('81s)	6	Jan. & July	March 3, 1863	June 15, 1864	June 30, 1881	——	75,000,000	75,000,000
Ten-forties of 1864	5	Mar. & Sep.	March 3, 1864	Mar. 1, 1864	Mar. 1, 1874	Mar. 1, 1904	194,567,300	194,567,300
Five-twenties, March, '64	6	May & Nov.	March 3, 1864	Nov. 1, 1864	Nov. 1, 1869	Nov. 1, 1884	3,882,500	946,600
Five-twenties, June, '64	6	May & Nov.	June 30, 1864	Nov. 1, 1864	Nov. 1, 1869	Nov. 1, 1884	125,561,300	58,046,200
Five-twenties of 1865	6	May & Nov.	March 3, 1865	Nov. 1, 1865	Nov. 1, 1870	Nov. 1, 1885	203,327,250	152,534,350
Consols of 1865	6	Jan. & July	March 3, 1865	July 1, 1865	July 1, 1870	July 1, 1885	332,998,950	202,663,100
Consols of 1867	6	Jan. & July	March 3, 1865	July 1, 1867	July 1, 1872	July 1, 1887	379,506,400	310,622,750
Consols of 1868	6	Jan. & July	March 3, 1865	July 1, 1868	July 1, 1873	July 1, 1888	42,539,350	37,474,000
Funded Loan of 1881	5	Feb., May Aug. and Nov.	July 14, 1870, and Jan. 20, 1871	May 1, 1871	May 1, 1881	——	500,000,000	357,697,900
Funded Loan of 1886	4½			——	May 1, 1886	——	——	——
Funded Loan of 1901	4			——	May 1, 1901	——	——	——
U. S. Currency Sixes (Pacific R. R. Bonds)	6*	Jan. & July	July 1, 1862, and July 2, 1864	Jan. 16, 1865, & variously thereafter.	——	30 years from date	64,623,512	64,623,512
							Total	$1,784,423,412

* Interest in currency.

DENOMINATIONS.

LOAN OF 1858—Coupon $1,000; Registered, $1,000. LOAN OF FEBRUARY, 1861—Coupon, $1,000; Registered, $1,000, $5,000 and $10,000. OREGON WAR DEBT—(Bonds to order, Coupons to bearer), $50, $100, $500. U. S. CURRENCY SIXES—Registered, $1,000, $5,000, $10,000. ALL OTHER LOANS—Coupons, $50, $100, $500, $1,000; Registered, $50, $100, $500, $1,000, $5,000, and $10,000. THE FUNDED LOANS of 1881, 1886, and 1901, have in addition Coupon bonds, $5,000 and $10,000; Registered, $20,000 and $50,000.

PUBLIC DEBT OF THE UNITED STATES..

Recapitulation of the Official Statements (cents omitted).

Debt Bearing Interest in Coin.

	Nov. 1, 1874.		Dec. 1, 1874.
Bonds at six per cent.	$ 1,182,183,250	..	$ 1,167,274,700
Bonds at five per cent.	538,525,200	..	552,525,200
	$ 1,720,708,450	..	$ 1,719,799,900

Debt Bearing Interest in Lawful Money.

Certificates indebtedness at 4 per cent.	$ 678,000	..	$ 678,000
Navy pension fund at 3 per cent.	14,000,000	..	14,000,000
	$ 14,678,000	..	$ 14,678,000
Debt on which interest has ceased	20,748,960	..	......

Debt Bearing no Interest.

Old demand and legal-tender notes	$ 382,075,267	..	$ 382,075,267
Certificates of deposit	52,525,000	..	47,120,000
Fractional currency	48,151,024	..	47,385,698
Coin certificates	22,070,400	..	23,045,400
	$ 504,821,692		$ 499,626,365
Total debt	$ 2,260,957,102	..	$ 2,252,550,296
Interest	37,115,670	..	33,251,111
Total debt, principal and interest	$ 2,298,072,773	..	$ 2,285,801,407

Cash in the Treasury.

Coin	$ 90,089,241	..	$ 83,043,762
Currency	16,396,770	..	16,699,311
Special deposit held for redemption of certificates of deposit, as provided by law	52,525,000	..	47,120,000
	$ 159,011,011	..	$ 146,863,073
Debt, less cash in the Treasury, Nov. 1, '74	$ 2,139,061,761	..	
Debt, less cash " " Dec. 1, '74		..	$ 2,138,938,334
Decrease of debt during the past month	$ 681,434	..	$ 123,427
Decrease of debt since June 30, 1874	4,026,499	..	4,149,907

Bonds Issued to the Pacific Railway Companies, Interest Payable in Lawful Money.

Principal outstanding	$ 64,623,512	..	......
Interest accrued and not yet paid		..	$ 1,615,587
Interest paid by the United States		..	24,325,396
Interest repaid by transportation of mails, &c.		..	5,510,044
Balance of interest paid by the U. S.	$ 18,828,143	..	$ 18,815,352

BANKING AND FINANCIAL ITEMS.

NEW YORK.—The annual meeting of the Bank Clerks' Mutual Benefit Association was held at No. 2 Pine st., November 24th. The active membership numbers 1,018, representing 142 banks. There have been eight deaths during the year, and the amount paid as benefit in cases of death, including two which occurred last year, is $10,000. Mr. Ritter, Assistant Manager of the New York Clearing-House, moved that the Board of Managers be authorized to advise the establishment by voluntary contribution of two funds of $1,000 each, one for non-forfeiture, to relieve those members who may be thrown out of employment and unable to pay their dues, and the other to lay out a plot of ground, 64 by 100 feet, presented to the Association by the Cypress Hills Cemetery Association. The motion was unanimously carried.

THE EIGHTH NATIONAL BANK.—In the U. S. District Court, before Judge Blatchford, November 23d, the action of Albon P. Man, Receiver of the Eighth National Bank of New York, against Dr. G. W. Cheeseman, to recover the amount of the assessment made by the Receiver on the stock alleged to be held by the defendant, was tried. This is one of a series of suits brought by Mr. Man against the stockholders. The defense claimed that Dr. Cheeseman was not a stockholder, he having transferred his stock to the bank. The Receiver contends that a National bank cannot buy in its own stock, and that even if it could, the transfer in this case is irregular, it having been made in blank. Judge Blatchford sustained this position, and directed the jury to find a verdict for plaintiff, which they did. The case will be appealed.

A communication to the *Tribune* points out the features of this suit as follows:

The case against Dr. Cheeseman was a peculiar one. He became an original subscriber in 1865 for 50 shares of stock in the Eighth National Bank. In May, 1867, at a time when the bank was in excellent credit, having a considerable surplus, and when its stock stood at par in the market, he determined to part with his 50 shares. He accidentally mentioned his purpose to the cashier of the bank, and that officer volunteered to dispose of them for him. Shortly after he informed Dr. Cheeseman that he had found a purchaser, and directed him to transfer the certificates by signing the ordinary power of attorney on them in blank. Dr. Cheeseman did so, and gave the certificates to the cashier, who credited his account with the par value of the stocks. The cashier was the proper transfer officer of the bank, and Dr. Cheeseman followed his directions as to the manner of transfer. He heard no more of the matter until December, 1871, after the failure of the bank, when he was informed by the Receiver that his name stood upon the shareholders' list, and that he was liable for his proportionate share of the bank's indebtedness. This suit was brought to enforce that liability. Upon the trial it was shown that this stock was actually purchased by the bank. The shares remained in possession of the bank, which collected all subsequent dividends upon them, and after its failure the shares were turned over to the Receiver with the other assets. Upon these facts Judge Blatchford held that Dr. Cheeseman was liable for the assessment of 54 per cent. ordered by the Comptroller, although he had parted with the shares four years before, on the ground that in order to escape liability a shareholder must see that his stock is transferred upon the books of the bank to some person capable of succeeding to his obligations, and that the bank was not such a person, being prohibited by law from purchasing its own stock. It follows from this that the ordinary method of transfer by signing the blank power of attorney will not protect the shareholder, and that in all cases of sales of such bank stock he remains liable until the transfer is made on the bank's books to his successor. It is important, therefore, for those who have heretofore made such transfers, that they should at once see them thus perfected.

The measure of liability also is very severe. Two points were made by Dr. Cheeseman's counsel, as follows: First, that the liability was only for the deficiency, and could not be enforced until all the assets of the bank had been converted and applied by the Receiver to the payment of the debts; and, second, that the shareholders liable for the deficiency are entitled to notice, and to some opportunity of ascertaining what the deficiency may be which they are called upon to make up. Both these points were overruled, the Court holding that the shareholder was absolutely bound by the action of the Comptroller in making the assessment, and that when such assessment had once been made the shareholder could interpose no defense against it. Thus shareholders are cut off from any examination of the accounts of the Receiver or of the debts allowed against the bank.

HENRY CLEWS & CO.—In the United States District Court, December 1st, Henry Clews & Co., having failed to answer in the bankrupt proceedings, were adjudicated bankrupt on the petition of Arthur Cooper, trustee of their London firm, and fifteen creditors in this country, who state that they represent one-quarter in number and a third in amount of all the creditors.

ALABAMA.—The State debt of Alabama amounted at the latest official return, to $ 10,452,593, in addition to which the State has at various times indorsed for railroad companies $ 15,051,000, a large part of which has been canceled.

The State Senate has passed a bill authorizing the Governor to appoint two Commissioners, citizens of Alabama, who, with the Governor, shall constitute a Boa d of Commissioners to take charge of and ascertain, liquidate and adjust the subsisting legal liabilities of the State on bonds, straight and endorsed, and coupons thereon, in such manner as the interests of the State may require, and by negotiations to provide for the payment of such amount of said legal liabilities as may be arranged for, under the powers conferred by the bill, and the interest that may be agreed to be paid on the principal so negotiated, in such manner and at such times as to them may seem advisable.

ARKANSAS.—Messrs. Stoddard Brothers & Co., Bankers, Little Rock, suspended on December 16th. Their assets are stated to be in excess of liabilities. The State had $ 26,000 in currency and $ 32,000 in State scrip in the bank at the time of suspension. An order was therefore issued from the Chancery Court appointing a Receiver to take charge of the bank and the property belonging to the firm.

CALIFORNIA.—We are indebted to the courtesy of Comptroller KNOX for the subjoined letter, which was too late for incorporation in his annual report. It is a reply to one from Mr. Knox, dated October 26, 1874, requesting statistics of all State banks, saving fund banks or institutions, trust and loan companies of California:

SACRAMENTO, Cal., Nov. 21, 1874.

Hon. John Jay Knox, Comptroller of the Currency, Washington:

DEAR SIR: Your communication bearing date of Oct. 26, 1874, addressed to his Excellency Gov. Booth, has been handed me with a request that I forward all the information obtainable.

Banking companies in this State are organized under general incorporation laws, and are not required to make reports of any kind to this or any other office.

The savings and loan societies throughout the State have found it necessary to publish statements of their condition, to retain the confidence of the public in their solvency.

The semi-annual statements of twenty savings and loan societies, for six months ending June 30, 1874, show the number of depositors to be 77,517.

Amount of deposits	$62,737,875
Loans and investments	63,080,297
Gross earnings	3 125,298
Gross expenses	271,436
Reserve fund (including capital)	4,340,643
Cash on hand	3,760,040
Amount of dividends	2,638,223

I have had occasion to make an estimate of the capital stock and deposits employed in commercial banks and private banking houses throughout the State, and have found it impossible to arrive at anything but an approximate estimate. The commercial journals usually estimate the capital stock of banks in San Francisco at $20,000,000; deposits with banks in San Francisco at $20,000,000; and capital stock and deposits of banks in the interior at $5,000,000. In making these estimates they give the capital stock and deposits of the Bank of California at $14,000,000 (the capital stock being $5,000,000), and credit the other $15,600,000 of capital stock with only $11,000,000 of deposits.

I think the following figures are under, rather than above, the true amount:

Capital stock and deposits in commercial banks of San Francisco..	$43,000,000
Capital stock and deposits in commercial banks in the interior	5,000,000
Deposits with savings and loan societies..........................	62,737,875
Reserve and capital with savings and loan societies	4,340,643
Total...	$115,078,518

This estimate is exclusive of National Banks.

Respectfully, JAMES J. GREEN,
Comptroller of the State.

INVESTMENTS IN WESTERN MUNICIPAL BONDS.—The Chicago *Tribune* warns Eastern investors that they cannot rely upon the constitutional provision limiting the creation of municipal debts of all kinds and for all purposes to 5 per cent. of the assessed value of the taxable property in each municipality of Illinois, and offers the following explanation:

"Thus, a county issued bonds to the full amount of 5 per cent. of the assessed value of the taxable property in all of its eighteen townships, and then each township issues its bonds to the amount of 5 per cent. of the taxable property within its limits; in this way the debt-creating power is pushed to the extent of 10 per cent. of the value of the taxables. This power is still further exercised by cities existing within a "township," and by "school districts," which are a still smaller political division, and thus bonds are issued, or may be issued, to the extent of 15 or even 20 per cent. of the valuation relied upon to pay the same.

"The mania for issuing bonds is as strong as ever; and, under the general idea that municipal indebtedness in Illinois cannot exceed five per cent. of the value of the property responsible therefor, these bonds are purchased in good faith by persons in remote parts of the country, who in time will awake to the fact that their investment is not what they thought it was. The municipal debts of this State now roll up nearly, if not quite, forty-five millions of dollars, and unless the creation of these debts be arrested, the people of the State will be overwhelmed with taxes, and the securities in the hands of the investors will largely pass into the list of doubtful assets."

MICHIGAN.—The Supreme Court of this State has recently decided that the railroad-aid bonds issued by townships to railroads were invalid, the law under which they were granted being unconstitutional. As the bonds began to mature, holders began to demand their money. Non-residents had the advantage of a recent decision of the United States Supreme Court, which declared such bonds valid, and therefore sued upon them in the United States Court in Detroit. So far, judgments have been given against eighteen cities and townships, to the aggregate amount of $244,964. Suits are still pending against seven townships.

MISSISSIPPI.—The telegraph reports that the Tishomingo Savings Bank at Corinth was robbed in broad daylight, on December 7th. Four men rode up to the bank, two entered and locked the door, two kept guard outside. The two inside demanded the safe keys, which President Taylor refused, whereupon they attacked him with knives. They took $15,000 to $20,000 in money, $5,000 or $10,000 in bonds, one dozen gold watches, and $3,000 worth of diamonds. A colored man in the bank making a deposit was not permitted to

leave until the robbers retired. They were in the bank fifteen minutes. Those who observed the bank closed supposed that Mr. Taylor had gone to dinner. The bank is in an out-of-the-way place. The robbers fired several shots as they rode off at full speed, and at latest accounts had not been arrested.

NORTH CAROLINA.—The Governor of this State reports the debt at the large total of $38,921,848, and says that the people can not pay the annual interest as it accrues, nearly ten millions of the above total being accumulations of back interest.

NEW HAMPSHIRE.—In the matter of the Concord Savings Bank the Bank Commissioners have decided that 90 per cent. be paid the depositors on call, and the balance on the final adjustment. It is thought there will be no loss to the depositors. The Directors have voted to resume business at once.

PENNSYLVANIA.—The debt of the Commonwealth on the 30th of November, the end of the fiscal year 1874, was $24,568,635. Of this amount $4,423,500 bears 6 per cent. interest in gold and $19.326,000 6 per cent. interest in currency. On $135,433 of this latter sum the interest has been stopped, while $100,669 bears no interest. Of Chambersburg certificates there is outstanding $83,032 96, and of Agricultural College Land Scrip Fund of Pennsylvania there is $500,000. The balance on hand in Revenue Fund is $217,243.

BANK EXAMINERS are likely to find their emoluments curtailed, through a bill which Mr. Durham, of Kentucky has introduced in Congress, regulating for the future their charges. In order to show necessity for such legislation, he said that under the present system of mileage an examiner who lives in Louisville examined the Danville, Ky., bank and charged mileage from Washington City. The new bill fixes the pay of the examiner at $20 for banks with a capital of between $100,000 and $150,000; $25 between $150,000 and $200,000; $30 between $200,000 and $300,000; $35 between $300,000 and $400,000; $40 between $400,000 and $500,000; $50 between $500,000 and $600,000, and $75 for over $600,000—all to be paid by the banks examined.

A FAITHFUL MESSENGER.—William Glynn, who since 1835 was the trusty messenger of the Franklin Bank of Cincinnati, died in that city, on December 2d, at the age of 81 years. His punctuality, regularity and unfailing good humor were proverbial. Scarcely a day or night for forty years was he absent from the bank, and nothing ever failed of due performance that was intrusted to his care.

PHILADELPHIA.—*The Citizens' Bank.*—The Citizens' Bank suspended payment on December 2d, and on the 3d the Board of Directors decided to have a Receiver appointed and wind up its affairs. The savings department was a separate affair, and its deposits, which were only $8,000, are amply secured by collaterals. An investigation showed the good assets to amount to $191,547, and the liabilities to $207,561, which includes the capital stock. About $24,000 are due the bank which can not be collected. The deficit is estimated at $16,000, which will be paid by the stockholders.

PHILADELPHIA.—The sixth annual meeting of the Bank Clerks' Beneficial Association, of Philadelphia, was held on December 8th, at No. 118 South Seventh street,—President B. F. Dennison in the chair, G. A. H. Rose, Recording Secretary.

The annual report was read, showing the present membership to be 253. Amount received during the year, $3,430.95; amount paid for deaths of four members, $2,000; balance on hand, $5,091.02. Since the organization of the Association $8,000 has been paid to the families of 16 deceased members.

The President then addressed the meeting. He said that he had attended the meeting of the Bank Clerks' Association in New York, at the Metropolitan Bank. There were present about two hundred and fifty members, out of a membership of two thousand, from the banks of New York, Hoboken, and adjacent towns. Their permanent fund amounts to about $60,000, the accumulation from loans made during the panic. The net gain of the New York Associa-

tion since its organization has been about $2,900, while in the Philadelphia Association, during the same period, the amount has been about $3,000.

It was resolved that in case of the death of a member, $500 shall be given to his family as a funeral benefit. The election for officers was then reported as follows: President, B. F. Dennison. Vice-President, T. G. Boggs. Treasurer. R. E. Wright. Recording Secretary, G. A. H. Rose. Corresponding Secretary, J. S. Sparks. Directors, C. D. Howell. John C. Plish, Edward Wheeler, John C. Garland, L. Renshaw, W. T. Nelson, Samuel Spering, Gibbons Marsh, Joseph Roberts, Hartman Baker, Arthur Wells.

Philadelphia.—The banking firms of Charles Emory & Co. and Freed & Kreamer have been dissolved, and consolidated into a new house under the style of EMORY, FREED & Co., Mr. Charles Emory being its senior.

STAMPS UPON BANK CHECKS.—Many bankers suppose that the law is complied with if the revenue stamp be affixed and canceled *after* payment or acceptance of a check. This is not the case, and the danger of such practice is pointed out in the following circular issued at Boston by the Collector of Internal Revenue, Mr. Geo. H. Gordon:

"It has come to the knowledge of this office that it is the custom of banks to accept and pay the checks of their depositors without the same being properly stamped and canceled. It is claimed by the officers of the banks that, although they accept and pay them in this condition, they always thereafter attach the stamp. The penalties for accepting, paying, or causing to be paid, any draft or order for the payment of money without the same being duly stamped and canceled, are fifty dollars for every such offense."

PERU has decided to construct a railroad from the port of Payta to Piuras, a distance of sixty-eight miles. The Bank of Peru is to advance $300,000, and the firm of Bryce, Grace & Co., of Callao, has received a deposit of £200,000 in Peruvian bonds, and will at once advance the necessary funds for purchasing materials.

A DANGEROUS BANK-NOTE.—It is probable that Burns vastly exaggerated the advantages of seeing ourselves as others see us. The vision is often amusing, but it is not always strictly veracious. Other people and other nations, though they may possess a gift of superior impartiality, sometimes lack the necessary information, and on such occasions the default is made up by the historic use of the imagination. It may be safely said, however, that our own view of ourselves is scarcely so diverting as that of foreigners. English history, for example, to be really comic should be written by the *feuilletonist* of a Paris journal, and the essays of the late Gilbert a'Beckett in caricature-chronicle labored in vain by the side of the works of these humorous students of British manners and customs. It would be worth the while of some careful editor like Mr. Timbs to collect in a volume the many curious things that have been said of us by our French neighbors, and certainly they would well deserve the title of "things not generally known." The latest contribution to this interesting branch of literature relates a highly important fact with regard to the Duke of Richmond. It is said that among the possessions he inherited from the late Duke was found a bank-note for £50,000. This unique piece of paper money, of whose existence we have no doubt, was preserved with great caution, and by means which must have been a source of peril to friends and foes. We are informed that the late Duke caused the note to be deposited in a casket, and this casket was so fastened that any one who attempted to handle it at once received six pistol-shots. The ingenious casket, we are told, became a burdensome possession to the present Duke. His ancestor had not transmitted to him the secret by which it might be opened with safety, and he was, therefore, not unnaturally, timid in the examination of his treasure. Under these circumstances, we are not surprised to learn that he finally determined to deliver the casket and its contents to the Bank of England, and to permit the officers of that establishment to investigate the ingenuity of the terrible contrivance. The duties of property would even be in excess of its rights if every inheritance were "tied up" in this way.—*London Globe.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from December No., page 482.)

DECEMBER, 1874.

☞ Banks are requested to furnish prompt notice of any future changes.

Name of Bank.	*Elected.*	*In place of*
Southern Bank of Ala., Mobile. ALA.	F. E. Stollenwerck, *Pres*	H. A. Schroeder.
Pacific Bank, San Francisco, CAL...	Ford H. Rogers, *Cash.*	O. H. Bogart.
Stock Growers' Bank, Pueblo, CAL.	Chas. B. Lamborn, *Pres*	O. H. P. Baxter.
First National Bank, Yankton, DAC.	Jas. C. McVay, *Pres..*	L. D. Palmer.
Marine Co., Chicago, ILLS.	G. M. Bogue, *Sec.....*	S. S. Rogers.
Security Savings Bank, Chicago.	C. H. Baker, *Pres.....*	O. E. Moore.
Security Savings Bank, "	Wm. H. Park, *Cash...*	J. M. Terwilliger.
State Savings Bank, "	W. C. Harrington, *Pres*	Enos Brown.
First Nat. B., Mattoon, ILLS.	C. G. Weymouth, *Cash*	W. B. Dunlap.
Washington N.B., Washington, IND.	M. L. Brett, *Pres.....*	F. W. Viehe.
First Nat. Bank, Union City, "	J. S. Johnson, *Pres...*	Edward Starbuck.
First National B nk, Columbus, "	James E. Mooney, *Pres*	R. Griffith.
Hartford City B., Hartford City, "	H. S. Bradley, Jr., *Cash*	E. T. Chaffee.
People's Savings Bk., Olathe, KAN.	S. A. Christy, *Pres....*	W. A. Ocheltree.
Wilson Co. Bank, Fredonia, "	Joshua Hill, *Pres....*	Alex. Hunt.
" " " " "	Isaac Hudson, *Cash...*	Joshua Hill.
Neosho Co.S.B., Osage Mission, "	Marion Cross, *Cash....*	C. W. Mitchell.
Deposit Bank, Glasgow, KY......	T. C. Dickinson, *Pres.*	P. H. Leslie.
First National Bank, Boston, MASS	George B. Ford, *Cash.*	H. A. Roberts.
Bank of N. America, St. Louis, MO.	C. E. Caudee, *Pres....*	W. D. Griswold.
" " " "	D. J. Hynes, *Cash....*	John Williamson.
Capital Bank, " "	Julius Klyman, *Cash...*	J. L. Bernecker.
Lucas Bank, " "	J. M. Franciscus, *Pres.*	H. S. Turner.
Bank of Holden, Holden, "	I. M. Smith, *Cash....*	John G. Cope.
Chillicothe Sav. As., Chillicothe, "	J. T. Johnson, *Cash...*	G. Bird.
State Bank, Crete, NEB............	C. H. Parmele, *Pres..*	Thomas Doane.
" " " "	S. Waugh, *Cash......*	H. S. Fuller.
First N. B., Plattsmouth,	A. W. McLaughlin, *Cash*	John R. Clark.
Niles Sav. Assoc., Niles, OHIO....	E. I. Moore, *Cash....*	James Ford.
First Nat. Bank, Paterson, N. J...	John Swinburne, *Cash.*	E. T. Bill.
Allegheny N.B., Pittsburgh, PENN..	W. T. Dunn, *Pres....*	J. W. Cook.
Fifth Ave. Bank, " "	D. M. Armor, *Pres...*	J. A. Kaercher.
Odd Fellows S. B., " "	Andrew Miller, *Pres...*	H. Lambert.
Shoe & Leather B., " "	D. R. Davidson, *Pres.*	G. H. Anderson.
Keystone Bank, " "	Francis Sellers, *Pres..*	H. J. Lynch.
First N. B., Conneautville, "	W. L. Robinson, *Pres.*	A. L. Powers.
" " " "	J. C. Sturtevant, *Cash.*	D. D. Williams.
Exchange Bank, Franklin, "	J. N. Craft, *Cash.....*	P. McGough.
U. S. B'k'g Co., Philadelphia, "	H. R. Pearson, *Cash..*	Joseph H. Reynolds.
Soudsburgh B., Soudsburgh, "	J. Mackey, *Cash......*	James H. Stroud.
Watsontown B., Watsontown, "	De La Green, *Cash....*	R. B. Claxton, Jr.
German Ex. B., Milwaukee, WIS...	Guido Pfister, *Pres....*	M. Von Baumbach.

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from December Number, page 481.)

☞ Additions for this list are solicited from the subscribers to this work.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Jacksonville, ALA....	G. I. Twinley..............	Donnell, Lawson & Co.
Bakersfield, CAL.....	Kern Valley Bank..........	None.
Red Bluff, "	Bank of Tehama County....	J. & W. Seligman & Co.
Lakeport, "	Bank of Lake..............	None.
San Francisco,"	Grangers' Bk. of California.	None.
South Pueblo, COL...	Bank of South Pueblo......	....
Hartford, CONN......	J. B. Russell..............	Lawrence Brothers & Co.
Washington, D. C....	Appleman & Co., Asbury G..	First National Bank.
" " ...	Metropolis Savings Bank...	Gallatin National Bank.
Milledgeville, GA....	J. R. Compton............	....
Chebanse, ILL.......	Robert Nation.............	First National Bk., Chicago.
Woodhull, "	Farmers' Bank............	National Currency Bank.
Oakland, "	Oakland National Bank....	Winslow, Lanier & Co.
Waverly, "	Bank of Waverly..........	Importers & Traders' N. B.
Decatur, IND....	Citizens' Bank...:.........	George Opdyke & Co.
Lafayette, "	German Savings Bank......	None.
Terre Haute, "	Terre Haute Savings Bank..	None.
Crown Point, "	First National Bank........	First National Bank.
Monticello, "	First National Bank........	....
Clermont, IOWA.....	W. Larrabee.....	C. B. Richards & Boas.
Des Moines, "	Iowa Loan and Trust Co...	Chemical National Bank.
Parsons, KAN.......	Parsons Savings Bank......	Donnell, Lawson & Co.
Peabody, "	Kolloch & Chenault........	Donnell, Lawson & Co.
Morganfield, KY.....	National Bank of Union Co.	Duncan, Sherman & Co.
Annapolis, MD......	Citizens' Bank.............	Bank of New York N. B. A.
Baltimore, "	German Bank of Baltimore..	German-American Bank.
Hagerstown, "	Hoffman, Eavey & Co......	N. Park B.; Drexel, M. & Co.
Ludington, MICH....	J. H. McCollum & Co......	A. F. Williams.
" " ...	Lumberman's Exchange Bk.	A. F. Williams.
Mendon, " ...	A. N. McAllister..........	Importers & Traders' N. B.
Port Huron, " ...	J. J. Boyce & Co...........	None.
Hart, " ...	Citizens' Exchange Bank....	Allen, Stephens & Co.
Tecumseh, " ...	People's Bank..............	Ninth National Bank.
Constantine, " ...	Farmers' National Bank....	....
Gallatin, MO......	T. J. Osborn & Co.........	....
Shelbyville, "	Shelby Co. Savings Bank...	Commercial Bank, St. Louis.
St Louis, "	Samuel L. Gaylord.........	J. Alden Gaylord.
Long Branch, N. J...	Long Branch Banking Co...	National Shoe & Leather Bk.
Canastota, N. Y.....	W. E. Fiske & Son........	Howes & Co.
Lordville, "	A. I. Lord.................	Lawrence Brothers & Co.
Monroe, N. C.......	Bank of Monroe...........	Importers & Traders' N. B.
Wilson, "	Bank of Wilson............	....
Middleport, OHIO....	First National Bank........	....
Martinsville, " ...	Farmers' Bank............	Merchants' N. B., Cincinnati.
Poland, " ...	Farmers' Deposit Bank.....	....

Place and State.	Name of Bank.	N. Y. Correspondent
Dayton, OHIO...	People's Bk. & Savings Dep.	None.
Plain City, " ...	Plain City Bank............	National Park Bank.
Delphos, " ...	Commercial Bank..........	N. Park B.; Opdyke & Co.
Nelsonville, " ...	Merchants & Miners' Bank.	Central National Bank.
Bellevue, " ...	J. T. Worthington.........	Fourth National Bank.
Felicity, " ...	Watson & Sargent.........	....
Salem, OREGON,.....	G. W. Gray................	Bank of North America.
Hamburg, PA.....	Savings Bank..............	Bank of Hamburg.
Harrisburgh, "	Real Estate Savings Bank..	None.
Karns City, "	Karns City Banking Co.....	Hanover National Bank.
Mount Union, "	Central Banking Co........	None.
Plymouth, "	Plymouth Savings Bank....	Clark, Dodge & Co.
Jamestown, "	Jamestown Savings Bank...	National Park Bank.
Jonestown. "	Jonestown Bank...........	N. B. Republic, Philadelphia.
West Newton, "	Farmers' Bank............	....
Meyerdale, "	Philson, Black & Co........	Union Banking Co., Phila.
Cardville, "	Burgettstown Savings Bank.	None.
Cattawissa, "	Cattawissa Deposit Bank...	Central N. B., Philadelphia.
Reynoldsville, "	F. K. Arnold & Co........	....
Charleston, S. C.....	Geo. A. Trenholm & Son...	N.B. St. N.Y.; Hanover N.B.
" "	F. Campbell	Lawrence Brothers & Co.
" "	Samuel C. Black...........	Lawrence Brothers & Co.
Nashville, TENN.....	Mechanics' National Bank..	Chemical National Bank.
Rockdale, TEXAS,....	J. H. Tracy & Brother.....	Swenson, Perkins & Co.
Ennis, "	Latimer & Chancellor......	Continental Bank, St. Louis.
Crockett, "	J. J. Woodson & Co........	Kountze Brothers.
Luling, "	Harbert, Blanks & Co......	Swenson, Perkins & Co.
Marlin, "	S. P. Young & Co..........	Kountze Brothers.
Portage City, WIS...	Haertel & Schulze.........	German-American Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized December 3 to December 16, 1874.

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2208	First National Bank, Monticello, IND....	Joseph C. Wilson.... John T. Roach....	$ 50,000 .	$ 50,000
2209	Nat. Bank of Union Co., Morgan Field, KY..	George Huston...... David C. James...	100,000 .	100,000
2210	First National Bank, Middleport, OHIO ..	Richard R. Hudson.. John R. McElhinny	100,000 .	50,000
2211	Farmers' National Bank, Constantine, MICH.	Milo Powell......... Charles H. Barry..	50,000 .	50,000
2212	Oakland National Bank, Oakland, ILL......	L. S. Cash.......... John Rutherford...	50,000 .	50,000

DISSOLVED, DISCONTINUED OR CHANGED.

(Monthly List, continued from December No., page 483.)

GEORGIA.—Macon Banking & Trust Co., *Macon*, (in liquidation).

ILLINOIS.—Donovan, Woodford & Co., *Watseka*, (succeeded by the Watseka Bank); Sheffield, Hutchinson & Co., *Waverly*, (new Bank of Waverly).

IOWA.—Farmers' Loan & Trust Co., *Cedar Rapids*, (removed to Vinton); Alger & Tubbs, *Villisca*, (now W. S. Alger & Co.); David Le Roy, *Manchester*. Suspended.

KANSAS.—R. K. Tabor, *Peabody*, (succeeded by A. B. Salisbury).

KENTUCKY.—Morton, Galt & Co., *Louisville*, (succeeded by Morton, Green & Quigley).

MASSACHUSETTS.—Worster & Babson, *Boston*, (now Frank H. Babson).

MICHIGAN.—C. F. Gibson & Co., *Bay City*, (merged in Bay City Bank); Robert Hosie, *Detroit*, (closed banking business).

MINNESOTA.—Exchange Bank, *Spring Valley;* (discontinued).

MONTANA.—James F. Brown & Co., *Virginia City*, (dissolved).

NEBRASKA.—F. S. Trew, *Gibbon*, (removed to Plum Creek).

NEW HAMPSHIRE.—Concord Savings Bank, *Concord*, (suspended).

NEW YORK.—Van Husen & Delano, *Niagara Falls*, (continued by F. R. Delano & Co.).

PENNSYLVANIA.—Manufacturers' Deposit Bank, *Williamsport*, (discontinued); Charles Emory & Co., and Freed & Kreamer, *Philadelphia*, (now Emory, Freed & Co.); Citizens' Bank, *Philadelphia*, (suspended).

RHODE ISLAND.—Bowen & Co., *Providence*.

TEXAS.—C. Chambers, *Longview*, (removed to Shreveport, La.); Adon & Lobit, *Calvert*, (removed to Galveston); Flint & Chamberlin, *Waco*, (assigned).

ARKANSAS.—Stoddard Bros. & Co., *Little Rock*, (suspended).

WISCONSIN.—Clark & Ingram, *Eau Claire*, (now Clark, Ingram & Co).

INDIANA.—Gibson County Bank, *Princeton*, (failed).

MISSISSIPPI.—W. H. Archer & Co., *Greenville*, (dissolved).

MISSOURI—Tolfree, Dunnegan & Co., *Bolivar*, (now Tolfree & Dunnegan).

TENNESSEE.—Jackson Savings Bank, *Jackson*, (merged in First N. B.).

OHIO.—John G. Stewart, *Coshocton*, (succeeded by Johnson's Bank).

THE PREMIUM ON GOLD AT NEW YORK,

NOVEMBER—DECEMBER, 1874.

1874.	*Lowest.*	*Highest.*		*Lowest.*	*Highest.*		*Lowest.*	*Highest*
January ..	10⅛	12½	Nov. 25 ..	11⅝	11¾	Dec. 9 ..	10⅞	11⅛
February .	11⅜	13	.. 26 ..	Holiday.		.. 10 ..	10¾	11¼
March ...	11¼	13⅝	.. 27 ..	11⅝	11⅞	.. 11 ..	11⅜	11¾
April	11¾	14⅜	.. 28 ..	11⅝	12⅛	.. 12 ..	11⅜	11⅝
May	11⅞	13⅛						
June	10½	12¼	.. 30 ..	12⅛	12⅜	.. 14 ..	11¼	11⅝
July......	9	10⅞	Dec. 1 ..	11⅞	12¼	.. 15 ..	11⅝	11¾
August ...	9¼	10¼	.. 2 ..	11⅞	12⅛	.. 16 ..	11⅜	11⅝
September	9¾	10¼	.. 3 ..	12⅛	12¼	.. 17 ..	11⅜	11½
October ..	9¾	10⅜	.. 4 ..	11½	12⅛	.. 18 ..	11½	11¾
Nov.	10	12⅜	.. 5 ..	11½	11¾	.. 19 ..	11½	11⅝
Nov. 23..	11⅜	11⅝	.. 7 ..	11¼	11½	.. 21 ..	11½	11⅝
24..	11⅝	11⅞	.. 8 ..	10½	11¼	.. 22 ..	11½	11⅝

NOTES ON THE MONEY MARKET.

NEW YORK, DEC. 21, 1874.

Exchange on London, at sixty days' sight, 4.85 *a* 4.85½ *in gold.*

The monetary situation exhibits three features of general interest. First, the banks show a little less of that conservative spirit which the panic developed, and we observe rather more disposition in some quarters to expansion. Secondly, this tendency is confined to a few banks, which are attracting toward themselves such criticism on the part of the public as will keep the evil in check, and may prevent it from producing any early results threatening the tranquillity of the loan market. Thirdly, there is less apprehension than prevailed a short time ago, that our monetary ease may be disturbed by any circumstances arising out of the eccentric movements of the precious metals in Europe. To this growing confidence, the hostility in the German Reichtag to the Imperial programme of finance gives some aid, as does also the prospect that the agitation about converting the Prussian Bank at Berlin into an Imperial Bank will cause a delay, which will enable the financial mechanism of the European money markets to recover their elasticity. For these and other reasons, of more domestic origin, our money market is gradually recovering its tone.

No important change in rates has occurred during the month. Call loans to stock brokers range at 4 to 5 per cent., while the dealers in Government securities pay 3½ to 4½ per cent. Commercial paper is quoted at 6 to 7, with less tendency in rates to harden, indicating that the demand for discounts is less urgent, as, indeed, usually happens at this period of the year. As to the future rates the belief prevails in well-informed quarters that the highest point of the season has been struck. Whether this will prove true remains to be seen. The drain of currency to the West and South, which is now about over, has been quite active for several weeks. It has diminished the legal tenders nearly 12 millions during the month, the deposits 14 millions, and the specie 3 millions, as will be seen from the subjoined table of the New York Clearing-House bank averages:

1867.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Weekly Clearings.*
Oct. 5.....	281.277,000	18,374,200	63.966,100	25,419,600	236,925,900	516,055,766
" 12.....	281,377,800	16,946,700	62,394,200	25,115,800	233,471,200	481,795,675
" 19.....	282,275,200	15,007,800	60,697,000	25,060,500	230,222,700	465,875,347
" 26.....	281,873,700	13,585,200	58,830,800	25,013,500	226,304,800	447,768,716
Nov. 2.....	281,958,700	12,021,100	59,621,600	25,057,500	225,852,700	394,770,672
" 9.....	285,066,700	12,574,800	59,451,700	25,082,900	226,753,900	446,534,180
" 16.....	283,788,100	16,888,200	59,525,100	24.832,500	229 994,200	450,309,151
" 23.....	283,319,500	17,380,900	57.504,400	24,968,000	227,352,700	532 154,098
" 30.....	282,275,800	17,329,300	53,301,900	24,884,100	222.767,300	389,193.019
Dec. 7.....	286,063,000	14,467,200	50,221,700	25,012,600	219.632,100	530,030,508
" 14.....	284,903,300	14,218,800	49,470,300	24,804,300	218,408,000	464,782,335

It will be observed that the loans have increased 2 millions during the month, although there has been so heavy a decline in the deposits and legal tenders. The surplus of reserve beyond the 25 per cent. minimum required by the National banking law is now down to $7,624,250. The drain on the greenback reserve is now regarded as virtually arrested, so that the averages are generally expected to begin shortly to rise. The later remittances to the South and West seem to have been made in National bank-notes to a greater extent than in greenbacks. The aggregate of the National bank-notes outstanding is reported from Washington to-day at $349,220,000, of which $2,330,000 are gold notes.

The monetary movements have been disturbed by the new finance bill, reported on page 553. It contains the following provisions:—1. Free banking. 2. The retiring of greenbacks equal to eighty per cent. of the amount of new National notes issued, until the greenback circulation shall be reduced to $300,000,000, after which no further reduction of the greenbacks is to take place. It is claimed that by this provision there will be neither expansion nor contraction of the currency, as nearly twenty per cent. is now held as bank reserves. 3. The withdrawal of the present fractional currency and the substitution of silver coin, the arrangement to go into effect as soon as practicable, under the direction of the Secretary of the Treasury, who is authorized to use the surplus money for supplying the silver coin, and if this is not sufficient, to sell the requisite amount of bonds of the new series to obtain the funds for that purpose. 4. Removing the charge for the coinage of gold at the several mints. 5. The resumption of specie payments to commence on the 1st day of January, 1879. The Secretary is to be authorized to use the surplus specie in the Treasury, but if that is not sufficient, to sell bonds in order to obtain gold to pay the Treasury notes. The legal-tender functions of the currency remain undisturbed, both as to the greenbacks and as to the National bank-notes.

It will be seen that this bill is really an inflation measure, and, with the exception of the fixing of a distant period for resumption, it has no single provision tending in any positive degree to aid the progress of the country toward specie payments. Whether it pass the House or not, its discussion can scarcely fail to produce a mischievous effect on general business. For it is a settled principle in financial legislation that currency perturbation is an evil of the first magnitude.

Gold and foreign exchange have shown less uneasiness. This month we have exported about eight millions of gold so far. The bankers prefer to ship specie instead of paying the rates now asking for bills.

The disturbance in the foreign exchanges has given unusual interest to the estimates of the cotton crop, which are usually made up at this period of the year. As published by the *Financial Chronicle* these estimates are subjoined for the current season as compared with the actual figures for last year:

Crop stated by States.	*Actual.* *Year ending* *Sept. 1, 1874.*		*Estimated.* *Year ending* *Sept. 1, 1875.*
Texas ... bales.	500,000	....	550,000
Louisiana	420,000	....	480,000
Mississippi	675,000	....	610,000
Alabama	575,000	....	650,000
Florida	75,010	....	100,000
Georgia	600,000	....	665,000
South Carolina	400,000	....	400,000
North Carolina	225,000	....	275,000
Arkansas	400,000	....	360,000
Tennessee	300,000	....	210,000
Total bales	4,170,000		4,300,000

As to the ports through which this product may be expected to seek a market, the subjoined estimates are given, with the comparative figures for the four previous years:

Ports.	1875. *Estimated.*	1874. *Marketed.*	1873. *Marketed.*	1872. *Marketed.*	1871. *Marketed.*
Galveston, &c. (bales)	400,000	389,045	343,450	197.956	321,804
New Orleans	1,230,000	1,221,698	1,240,384	957.538	1,446,490
Mobile	375,000	299,578	332,457	288,012	404 673
Florida	25,000	14,185	14,068	19,359	13,948
Savannah	675,000	625,857	614,039	450,539	726,406
Charleston	475,000	438,194	374,476	271,241	350.582
North Carolina	90,000	57.895	61,576	52,528	94,320
Virginia	450,000	505,876	433,583	276,098	342,353
New York, Boston and Baltimore	250,000	251,962	237,313	219,015	331.578
Overland	200,000	237,572	141,500	122,065	228,923
Southern consumption	130,000	128,526	137,662	120,000	91.240
Total crop in bales	4,300,000	4,170,388	3,930,508	2,974.351	4,352,317

The London money market is reported easier, by cable to-day. The open market is one per cent. below the Bank rate. The bullion reserve of the Bank of England is slowly rising, and it is believed that before long the rate will be of necessity reduced to 5 per cent. The London *Economist* publishes a communication from a leading banker, proposing that the London Clearing-House shall hold its own reserves. This is a movement in the right direction, its chief advantage being that it will insure the weekly publication of the exact amount of reserves held by the London banks. The importance of such a publication has long been recognized, and its realization is merely a question of time. Every year multiplies the reasons for its enforcement. The remarks we made last month on the insufficient reserves held by the London joint-stock banks may be applied with little modification to the London private banks. The aggregate deposits of both descriptions of banks are estimated at 160 millions sterling. The strictures we ventured to make have elicited communications, for the most part confirmatory, from some of the most experienced and most conservative bankers of this city, where the weekly publication of reserves was enforced by law as long ago as 1854.

The course of business at the Stock Exchange has been quiet and steady until a few days ago, when various circumstances arose to cause uneasiness. For the present, however, the trouble is very limited in its area and does not reach the investment securities, such as the United States bonds, and the best railroad bonds, which are well sustained. There has been an active demand for Governments from insurance companies and savings banks as well as from private investors, and the importation of five-twenties from abroad seems to have almost ceased. The chief source of supply seems to have been Germany, while investors in England are reported to have been buying freely up to the time when the rise in the Bank of England rate checked the movement, which will now in a short time probably revive again, as the English money market is passing into an easier condition.

In some quarters we observe a growing expectation that the London market will before long absorb a considerable amount of our best securities. The London *Standard* recently acknowledged that many American railroad and other securities were as sound and as attractive to investors as any foreign securities offering in the English market. This testimony on the part of our contemporary has evidently been extorted by the logic of facts, and it is by some persons interpreted as indicating, with other circumstances, that the English markets will be more open than they have been to the superior class of American railroad and Government bonds. There is no doubt that an abundance of idle capital is awaiting investment in England which could, with profit and safety to its owners, be absorbed in five-twenties,

in the bonds of our best railroads, and especially in the new Fives, which under Mr. Bristow's recent arrangement with the Syndicate have been introduced to Eng'ish investors under better auspices than ever before.

The share market has suffered severe fluctuations during the past week, from a variety of speculative causes. Pacific Mail has been the chief sufferer. As this is almost the only American line of ocean steamers afloat, its troubles have attracted considerable attention. The decline of Toledo & Wabash shares is ascribed to sensational rumors that the Company may default on its February interest. Subjoined is our usual table of the monthly fluctuations in gold Government bonds and other securities.

QUOTATIONS:	*Nov.* 25.	*Dec.* 1.	*Dec.* 8.	*Dec.* 15.	*Dec.* 21.
Gold	111⅝	112	110⅞	111⅝	111⅛
U. S. 5-20s, 1867 Coup.	119½	119⅞	119¼	120¼	120⅝
U. S. new Fives Coup.	112¾	113	112	113	113⅜
West. Union Tel. Co.	80⅛	81¾	82⅝	82½	81⅜
N. Y. C. & Hudson R.	101⅛	101¾	102	100¼	100¾
Lake Shore	80	81	80⅛	80	78¾
Chicago & Rock Island	100⅛	102	101½	101	100⅜
New Jersey Central	106¾	107	106	107	107¾
Ohio and Mississippi	32¾	33⅛	31¼	30⅜	29⅜
Wabash	29⅝	31⅞	30⅜	28½	22⅞
Pacific Mail	44¼	45	40	38⅝	34⅛
Erie	27⅛	28¼	27	27⅜	26⅞
Bills on London	4.85½	4.85	4.85	4.85	4.85
Treasury balances, cur.	$51,000,297	$48,890.367	$47,178,965	$46.940.547	$47,425,007
Do. do. gold	53,953,300	54,698,242	54,079,554	52,750,126	51,110,463

The importations for the month of November were smaller in the warehoused aggregates and larger in the aggregates entered for consumption. The totals for the last eleven months are about 8 millions less than those of last year.

Foreign Imports at New York for Eleven Months from January 1.

	1872.	1873.	1874.
Entered for consumption	$185,030,376	$162,254,405	$162,126,165
Entered for warehousing	164,115,364	117.378,907	100,247,004
Free goods	50,441,530	80,112,343	100,817,010
Specie and bullion	5,420,911	17,137,821	5.759.689
Total entered at port	$405,008,181	$376,883,476	$368,949,868
Withdrawn from warehouse	147,937,704	112,197,906	99,430,613

The total exports for November were $24,436,835, inclusive of $4,448,600 in specie. Exclusive of specie the exports for November were $19,988,235, against $28,495,882 in 1873 and $23,625,216 in 1872. The aggregates since 1st January compare as follows:

Exports from New York to Foreign Ports for Eleven Months from January 1.

	1872.	1873.	1874.
Domestic produce	$204,939,336	$264,499,136	$251,766,476
Foreign merchandise, free	1,436,205	2,013,212	1,979,171
do. dutiable	9,042,436	8,482,307	6,689,700
Specie and bullion	67,975.466	46,212,390	48,724,587
Total exports	$283,393,443	$321,207,045	$309,159,934
do. exclusive of specie	215,417,977	274,994,655	260,435,347

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THE FINANCE BILL AND THE PRESIDENT.

Frederic Bastiat entitles one of his most popular essays "What is Seen and What is Not Seen." In it he exposes a number of familiar economic errors about money and wages, about capital and financial legislation, and shows how needful it is to look below the surface of things if we would understand economic facts aright. The same principle is suggested by the President's special message, sent on the 14th January to the Senate, with his approval of the new Finance Bill. This document will be found on another page, and it may be summed up in the single sentence, that Congress must take the responsibility of further legislation to make the Finance Bill effective. It was not needful that the President should point out the inconsistency of the specie payment clause with that authorizing the new issue of five millions of legal-tender bank currency for every four millions of legal-tender greenbacks withdrawn and canceled, nor was it to be expected that the attention of Congress should be called to the facts which prove that the mere fixing of a time four years distant as the era of specie payments would not by itself produce the slightest effect in facilitating or bringing about resumption. The President, therefore, did not cite the experience of Continental nations, or that of Great Britain, during the suspension in the early part of this century, when eleven successive bills were passed by Parliament in twenty-four years, each fixing a specific date for resumption, and all alike disappointing expectation. General Grant contents himself with a simple congratulation "that a measure has become a law which fixes a date when specie resumption shall commence, and implies an *obligation* on the part of Congress, *if in its power, to give such legislation* as may prove necessary to redeem this promise."

For many years past the custom has been growing up among legislative bodies to throw more and more responsibility upon the Executive. In England the Cabinet has for 150 years enjoyed the initiative of all laws, and has for the most part controlled the course of governmental policy. In other European countries the same object is attained, but with fewer facilities for enforcing responsibility to the people. In this country, during and since the war, we have been in greater danger than ever before of falling into the same beaten path leading to bureaucratic centralization, and devolving upon the Executive duties and responsibilities which properly belong to Congress. The latest and the last illustrations of this Congressional tendency to throw off responsibility it is hoped are exhausting themselves in the present troubles of Louisiana. It is this mischievous tendency which President Grant seems to reprove, and to bring into view for special rebuke in the message before us. Few candid readers, on examination, will doubt that the President is right. The Finance Bill as it stands does certainly give too much vague responsibility into the hands of the Executive. During the war, and for a year or two after the return of peace, there was perhaps a necessity for vast discretionary powers. Mr. Chase, Mr. Fessenden, Mr. McCulloch, Mr. Boutwell, on whom successively the responsibility fell of conducting the Treasury, held much greater discretionary authority than will be tolerated for the future, except indeed in the event of war.

As to the specific legislation which the exigency demands, the most important is that for raising increased revenue. Forty millions of dollars will be wanted for the work prescribed in the first section, and a much larger sum will be used for the subsequent sections. Now, every one knows that we have no such surplus in the Treasury, and that if we had there would be an instant demand that the burdens of the people should be lightened by the repeal of taxes. It is for Congress to say whether new taxes shall be imposed, either those mentioned by the President or others equivalent.

Another contingency not provided for in the bill is that of the fluctuations that are to be apprehended in the premium of gold during the four years' preparation for specie payments. This law provides that the fractional currency shall be withdrawn, and replaced by silver coin as soon as practicable; but the question is, how can the silver be kept in circulation? Every one knows that by the Mint laws of 1853 and 1873 our silver coin was debased, and that it now contains nearly seven per cent. less silver than formerly. Consequently $100 in silver coin will sell in the bullion market for about seven dollars less than gold coin, when the market for silver bullion is steady. But the market just now is not steady. Silver bullion is depressed in price 2 to 4 per cent., and it fluctuates so much that it is not fit to be used as money, except for small sums. In this way it becomes a token coinage, and is allowed to pass in most commercial countries. Thus in England

the law makes silver a legal tender to the extent of only two pounds sterling. The debasement of this silver token coinage in England amounts to 6 14-31 per cent. In the United States silver coin is a legal tender for no more than five dollars. Remembering that since 1853 our silver coin has thus been depreciated about 7 per cent., it follows that if gold were now at 7 premium, silver coin would be nearly at par with greenbacks. But this would only be so if silver were selling for its old price of $1·28 gold per ounce. It does not now command so much. It is depreciated 2 to 4 per cent., and consequently silver coin may now be roughly estimated as worth to-day 9 to 11 per cent. less than gold. From these data we can judge whether coined silver, if paid out of the Treasury at par for greenbacks or fractional currency, could be kept in circulation, or whether it would be melted up and exported or sold for bullion. An easy calculation shows that, so long as gold ranged below 6 or 7 per cent., there would be little danger of losing our silver coin, but that if the gold premium rose above that level, we should be wholly at the mercy of the fluctuations of the silver market, which might at any time expose us to the loss of our whole mass of small change. The unspeakable embarrassment and disruption of retail business which would thus be precipitated on the country we forbear to describe. We had a memorable example of these mischiefs in 1861, when the paper-money depreciation first signalized itself by the disappearance of small change, and the exportation of silver coin.

The question is, then, whether the premium of gold will range below 6 or 7. Till we can calculate on that it would be simple folly to burden the Treasury with the expense of coining silver and selling it at par. The President suggests the limit of 10 per cent.; but, as we have seen, the true limit is 6 or 7 per cent., and all over that represents merely the feverish fluctuations of the market, which may be temporary, and cannot be relied upon in so important a monetary movement as that under discussion.

As an important element for solving the question of the future range of the gold premium, we should find out the intentions of Germany. The opinion of well-informed men in Wall street is, that the German Mint is to be set at work once more in coining 10 and 20 mark pieces, to replace those exported from Germany during the last year or two. From this it is inferred that a lively importation of gold into Germany will be produced. As this gold cannot now be had, as heretofore, from the Bank of England, because of the trouble such a depletion of coin reserve would cause in the English money market, Germany is said to be likely to come to us for a supply of gold; and she is willing, it is affirmed, to take all that we are disposed to sell at 10, or even at 12, premium. For these reasons it is clear that the occurrence of fluctuations in the gold premium is not only to be apprehended, but that the danger may be enhanced by causes over which Congress has no more control than over the great general laws of international commerce and trade. Instead of deliberating as to

how cheaply we can offer to sell the gold we have in the Treasury, we shall do well, for some years to come, to adopt the policy of raising the level of our Treasury balance of gold; and we shall sell no more of our coin surplus than we can possibly avoid.

Without discussing the numerous other difficulties in practically carrying out the policy of the bill, General Grant concludes with the suggestion that "a subject of such vital importance to the whole country should receive the attention of, and be discussed by, Congress and the people through the press and in every way." Thus only can "what is seen and what is not seen" be thoroughly explored, and the conditions of sound legislation be reached.

THE CURRENCY AND THE PANIC.

By William P. Borland.

Although we have had ample opportunity for observing the effect of an inconvertible paper currency, and ample evidence to confirm the experience of nations that have tried the same expedient, we continue to cling to it, and to manifest a certain affection for it. Paper money is popular, notwithstanding the bitter fruits it has produced and the heavy burden it imposes. Many of its advocates are respectable in intelligence, and certainly the ranks of its disciples are quite formidable in numbers. Senator Brownlow declares that "we have the best currency of any country in the civilized world," and that "we need about five hundred millions of greenbacks added to our present circulation to enable us to meet the wants of commerce and trade." Other prominent public men are quite as emphatic in their praises of paper money, and almost as liberal in the provision they would make for the supposed wants of the people. They have failed to learn that there is a world-wide republic of trade, whose laws, touching a circulating medium, secure respect and obedience in spite of Congress and the Supreme Court, and that the only wants which it is possible for the most perfect human Government to meet, are the wants of an effectual restraint on human rapacity, and an administration which shall aid to bring about a reign of peace on earth and good-will among men. These distinguished advocates of paper are not, it is true, our greatest statesmen, and they are quite unlikely to obtain enduring fame as financiers, but they are unquestionably men of commanding position and wide influence. Every day in the public press we encounter similar sentiments, and in works designed to be of a more permanent character the popular heresy of paper money is recognized and supported. In a recently published treatise on the Law of Nations, from the pen of an eminent jurist of a Western city, there is an elaborate argument for the universal adoption of paper money throughout the world.

On a subject such as this, Congress is the best reflex of the condition of public opinion, and Congress is clearly on the side of paper money. The average American Congressman is seldom a leader. He is chiefly interesting as the embodiment of the prevailing form of popular error and prejudice. He has a wholesome dread of getting behind public opinion, and generally manages, with a little experience, to keep even with it. Hence the speeches of members in behalf of paper money, and the appeals of candidates for Congressional honors addressed to the people, may be accepted as indications of the opinion of a large body of the American people, who honestly believe that paper money is either temporarily or permanently beneficial. This opinion, simply because it is an honest opinion, must eventually yield before the evidence which daily events afford, and the hard and honest thumps of good sound sense. That we may the better understand the situation, let us in a spirit of candor inquire into the causes which have created this public sentiment, and let us also ask whether our recent experience of a paper-money system is favorable or otherwise.

It is incredible that any freedom-loving people would, from preference or from considerations of public policy, adopt a currency such as we have, just as it is incredible that they would invite or submit to any other form of spoliation by their rulers. The issue of legal-tender currency was an appropriation or seizure by the Government of its nominal value in the labor and property of the people. Such a seizure is, in its very nature, repugnant to that instinctive sense of right which every man possesses, and in ordinary times would provoke resistance; but in time of war the patriotic citizen readily places his services and property at the disposal of his country. He willingly accepts a promise of his Government to pay at convenience. Having been introduced under such circumstances, paper quickly superseded and banished coin, and has ever since formed the current money of the country. Looked upon as a great and powerful war measure, and associated in the popular mind with a time of great commercial activity, the legal-tender money has a certain historic claim upon the good-will of the patriotic and money-making American. Besides, it must be admitted that it has not run the downward course which its opposers predicted of it at the time of its introduction. Events, whose occurrence they could neither foresee nor measure, have modified that course. The issues of paper money at the time of the war circulated only in the patriotic States, but after peace was restored spread themselves over the whole country. This process of diffusion operated like contraction, and, occurring simultaneously with an event which established the credit of the Government, had the effect of raising the value of the currency. Other causes doubtless contributed to the same results, such as the accession of wealth brought by immigrants, and produced by home labor; but probably the most powerful of these causes was the adoption of a

policy by the Government, the declared object of which was to restore the specie standard. Inasmuch as the legal tenders did not rush headlong to the fate of the French assignats or the Continental currency, but were seen for a time, under the intelligent but despotic management of the Treasury, to advance in value, they came to be regarded as a very serviceable currency and an excellent substitute for coin. As the advocates of a sound currency cannot point to the utter worthlessness of paper money, they are reduced to the necessity of showing, by such evidence as events offer, that it is an unprofitable and insufficient medium of exchange. Fortunately, that evidence is within reach, and, if duly weighed, is conclusive.

Having assumed that no people would deliberately adopt a system of paper money, I may also assume that no people ever abandoned paper money for specie on abstract principles. A comparison between the two systems, a consciousness of a difference and an actual clashing of interests, are requisite. In our case the experiment has been a continental one. The extent of this country, its immense internal commerce, and the length of time that paper has served as a medium of exchange, together render a comparison with specie both difficult and obscure. In foreign trade, and especially in the export of manufactured goods which enter into competition in the markets of the world with similar products of other countries, the defects of paper money are apparent. From this cause there has grown up in our seaports and manufacturing districts a sentiment in favor of specie. But the exports of this country are mainly the products of the soil, and no nation occupying a contiguous territory rivals this in foreign markets. Away from the seaboard, the price of labor and commodities is measured universally by paper, and specie values are unknown. The uniformity in value and appearance of our paper currency, the cheapness and ease with which domestic remittances are made, the fact that it pays debts, and, in appearance at least, discharges all the functions of money, are considerations which foster the error, that, as a nation, we are so absolute in our independence and so peculiar in our situation, that the laws of political economy are silent and inoperative.

Among the earliest effects of the change from specie to paper, and one which produced a deep impression on the public mind, was the ease with which existing debts were discharged. Money being plentiful, debtors were enabled to pay up or renew without difficulty. And now one of the most dreaded results of a return to specie is the apprehended difficulty of paying debts contracted on a paper-money basis. Hence there arises a contest between the debtor and creditor classes, and in such a contest the ties of human sympathy draw men to the side of the struggling debtor. It is the old play of Antonio and Shylock. Let the inexorable creditor, say the tender-hearted populace, have dollars, paper dollars of the thinnest kind, but not a drop of gold.

In this contest the indebtedness of towns, counties, and States arrays whole communities on the side of the debtors, and the enormous growth of such indebtedness is one of the most formidable obstacles to a currency reform. An era of paper money is sure to be an era of extravagant expenditure, both public and private. In some parts of the country, where the local business is wholly inadequate to support them, railroads have been built by local subscription of bonds. Communities have loaded themselves with debt and taxation, and realize, when it is too late, that they can pay too much for the whistle, even if it be the whistle of the locomotive. With exaggerated ideas of the benefits to be derived from such works, they were duped and cheated by professional promoters of jobs of public plunder, and now blindly welcome currency expansion as a scheme of partial repudiation.

Recent events have intensified the clamors of the debtor class, and have, at the same time, afforded an opportunity to observe the working of a paper-money system in a time of commercial distress and alarm. The country has but recently emerged from the panic of 1873, or, it would be more proper to say, is still suffering from that catastrophe. Like other panics, that of 1873 was simply a sudden contraction of credit,—a collapse after a period of expansion. Occurring when the volume of the currency was regulated by law, and could neither be contracted nor expanded except by the action of the Government, it presents some peculiarities worthy of careful study. Debtors everywhere were called on to pay, and, as payment involves the use of money, a scarcity of money was revealed, not because of a restricted supply, but because of an unusual demand. Those who reason superficially said there was too little money, and clamored for more. It will be readily seen that such a demand was in reality a demand to enlarge the volume of money to correspond with the volume of debt. There was, however, as there always is at such times, a real scarcity of money for the purchase of merchandise and the payment of wages. The money in banks, and much of that in the hands of individuals, was held in expectation of demands for the payment of debts due, and pending a general liquidation but little could be had for the ordinary and proper purposes of trade and production. This scarcity of available money produced the usual and inevitable effect of a decline in prices. Money became suddenly valuable and other things cheap. Such a movement brings into market the reserves of money held at a high valuation; and, as these hoarded reserves are unlocked and put into circulation, a decline is arrested, and prices gradually assume their natural level. Upon the number and amount of such reserves within a country, or which may be drawn from other countries, depends the severity of a panic and the duration of the hard times following thereupon. It is always difficult to form an estimate of these reserves, for no secret is guarded more carefully by persons disposed to hoard money, than is the amount of their hoardings. The money itself is not locked up so securely as the

secret of its amount in the breast of its owner. But there are strong reasons for believing that, under a paper-money system, the volume of these hoardings is much less than under a currency composed of, or convertible into, the precious metals. These reasons are:

First. There is less inducement for hoarding. The destructibility of paper, its liability to many kinds of accident from which coin is exempt, and the knowledge that its value is variable, lead people to put it in circulation rather than to lay it by.

Secondly. The currency of a country that uses irredeemable paper cannot be reinforced from other countries, and the quantity of circulation within it is limited by law.

Thirdly. A larger amount of paper money is committed to the care of banks, and, when needed, is unavailable.

The distinction between these reserves held for investment, and the reserves of banks held for the payment of debts, should be borne in mind. There is, however, this relation between these two descriptions of reserves: Upon the sufficiency of the former depends the efficiency of the latter. If the banks have ample reserves, and no suspension of the payment of deposits occurs, the money held for investment and intrusted to their keeping will be used in the purchase of merchandise or property, and thus aid in the restoration of a normal condition of trade; but if those depositories are deficient in reserves and unable to meet their obligations, increased alarm and distress follow. The horrors of the panic of 1873 were aggravated by the condition and action of the banks at the time, and the lesson taught in that hard school was, that a legal requirement of an ample reserve fund is indispensable to a sound banking system. From these considerations it would appear that paper money is not adapted to alleviate the evils attendant upon a panic; that prices under it are subject to more violent fluctuations; that paper money is inefficient and oppressive, and that these qualities are enhanced by a defective banking system.

The superiority of a specie currency over irredeemable paper in this respect consists not alone of the fact that the former is hoarded to a greater extent than the latter. When a demand for more money occurs within a country whose currency is based upon specie, the whole commercial world responds. A panic is then no mere local affair, but a matter of world-wide concern. A stone thrown into a puddle causes a great agitation of the waters, but the same stone dropped into the ocean produces scarcely a ripple; and so the severity of a panic is mitigated by the volume and resistance of the currency.

A confirmation of these views is afforded by the movement of the gold premium during the late panic. It fell at that time to the lowest point it had reached for many years. Gold became cheap and paper dear. There was an urgent demand for the money of this country which could not be relieved by the money of other countries. While gold bore any premium, however low,

it was impossible for us to summon it to our relief from abroad. The banks of England and continental Europe were under no necessity to gather up gold in anticipation of a demand from America. The debtors of those countries were not pressed for payment. It was an American panic of peculiar violence and destructiveness, but one from which they were protected by our local currency more effectually than by the Atlantic Ocean. The London banker on reading the news may have felt a sympathy for us in our distress, but without alarm for his own safety, just as he could hear of a Mountain Meadow massacre or a Modoc war without examining whether his own rifle was in good shooting order.

It was predicted at the time by the more enthusiastic admirers of paper money that the effects of the panic of 1873 would soon cease to be felt, and that the period of depression which might be expected to follow would be comparatively brief and harmless. They reasoned that none of the currency had been annihilated; that the full amount was somewhere in the country, and although temporarily driven into retirement, would re-appear with its accustomed force and activity. Sufficient time has elapsed, probably, to impair the public faith in this theory. The stern truth is forcing itself upon the popular mind, that hard times are none the less hard, and no more easily surmounted, because of paper money. The true theory is, that a panic is a contraction of credit, not necessarily a contraction of currency. It is well understood that a little money goes a long way in good times; but whenever confidence is impaired and credit destroyed a very large volume of currency is inadequate. We can imagine an isolated community, in which every body is willing to trust his neighbor, getting on without money, at least for a time. In the exchanges of commerce credit is largely substituted for money, and, in the progress of civilization and morality, will be more largely substituted in the future. The currency was not contracted simply because it was irredeemable. It was exempt from payment, while private debts were not so exempt. The right to exempt all debts from payment may be claimed for the Government on the principle that permits the issue of irredeemable paper, but a universal exemption from payment differs from a panic only as a deluge differs from a thunder-storm.

A reason for the opinion that the hard times proceeding from the late panic will be protracted by the kind of currency we employ, is found in the fact that the uncertainty of the value of that currency, combined with the possibility of the passage of laws authorizing future payments in paper, have prevented the introduction of foreign capital, and permanently raised the rate of interest for long-time loans in this country. This is but a natural result of an obvious cause. That it is so is greatly to be regretted by those who desire a return to the specie standard; for almost all the arguments in use by the advocates of paper are founded upon the prevailing distress, and must vanish with it. I am aware

that the panic was looked upon by some as a means of bringing the country to specie payments. But resumption was not among the immediate effects of the pressure. It may, however, lead men to study the nature of paper money, and aid in restoring specie payment by the formation of public opinion in its favor. Resumption suddenly forced upon the country by a violent convulsion might not be permanent.

If we analyze the influences which sustain paper money, they will be found to proceed either from ignorance of the true nature and function of money, or from a disposition to prefer a present advantage to that which is more remote. The subject of the currency is one that continually forces itself upon the public. It requires a high degree of intelligence and boldness in its management, and a steady support from the great body of the people. Official and commercial timidity has done much to surround it with difficulties, while the country is, in the meantime, getting ready for resumption, and thinking men are settling down in the conviction that resumption is the only possible solution.

A practical deduction from the view I have taken of the panic in connection with the currency is, that the right time to resume is whenever the signs of returning prosperity appear. Credit will be then a ready substitute for money, and (if our theory is correct) less money will be needed. Under these favoring circumstances the currency might be contracted imperceptibly and with no ill effects, if indeed contraction be a necessary accompaniment of resumption. It must be granted that resumption would render contraction possible, but it should also be remembered it would also make expansion practicable, and that either would be but the ordinary and healthy movement of trade.

HAS EMIGRATION DECLINED DURING THE YEAR?

Official Report of the Commissioners.

In our November issue, we discussed the prevalent reports as to the decline in the movement of emigration to the United States from foreign countries; and we stated a number of interesting facts, for which we were indebted to the courtesy of the Commissioners of Emigration at the port of New York. The annual report of that body, which is now nearly complete, furnishes some further details of importance. The two questions on which the public interest centres are: first, how many immigrants arrived during the year; and secondly, how many went back to Europe disappointed in their hopes of finding a home in the New World. As to the former question, the report shows that the arrivals last year were 140,337, against 282,474 last year, and

306,667 the year before. As to the second question, touching the number of former immigrants who returned to Europe, there are no authentic records. But an approximate estimate may be made from the subjoined statement of the number of passengers from this port to foreign countries during the year:

PASSENGERS FROM NEW YORK TO FOREIGN PORTS, 1874.

	First Six Months.		*Second Six Months.*
Cabin passengers	16,045	..	14,506
Steerage passengers	25,752	..	40,541
Total	41,797	..	55,047

We have here more than 66,000 steerage passengers outward bound during 1874. But, as shown in the previous article on this subject, these have not all returned to Europe with the intention of staying there. A considerable proportion of the emigrants have returned, or will return, after taking advantage of dull times and low fares to run over and visit their old homes. But this class cannot comprise more than a third of the number, which would indicate a returning emigration of 44,000. As these were probably nearly all of the better class of immigrants, the loss is the greater. We have kept the sick, the helpless, and the very poor, while many men of means and ambition, seeing little business promise among us, have taken their capital and their skill back again. On the whole, the immigration movement for the past year has been smaller than for several years, and there is at present but little promise of improvement. To show the comparative movement of previous years, the subjoined statistics have been prepared, beginning with 1856, the first year in which accurate records are attainable as to arrivals of aliens at all ports in the United States:

ALIEN IMMIGRANTS ARRIVED IN THE UNITED STATES.

Year.	*Boston.*	*Philadelphia.*	*Baltimore.*	*New York.*	*All Ports.*
1856	16,700	6,979	6,117	140,757	200,036
1857	15,449	5,314	8,953	188,320	250,882
1858	6,387	2,294	3,696	80,848	122,872
1859	10,313	3,313	3,546	86,449	121,075
1860	10,759	3,448	6,709	111,461	153,418
1861	5,478	1,634	3,725	70,063	91,823
1862	4,123	1,437	2,240	78,395	91,825
1863	7,217	3,688	1,072	151,956	176,215
1864	6,347	4,240	2,919	174,434	193,412
1865	10,007	1,560	4,458	190,372	249,052
1866	13,331	2,767	9,529	232,020	318,491
1867	12,832	2,193	9,427	251,753	298,358
1868	18,879	1,603	10,933	221,226	297,215
1869	32,734	1,184	11,595	269,154	395,922
1870	31,804	582	9,348	227,182	378,796
1871	25,938	536	11,036	242,291	367,789
1872	29,904	395	18,596	306,667	449,483
1873	33,688	4,257	15,442	282,474	437,004
Total	292,890	51,636	139,361	3,301,822	4,593,668

RAILROAD PROGRESS IN 1874.

The growth of our railroad net-work since the panic has not advanced with the perilous headlong speed of previous years. The *Railroad Gazette* reports 1,923 miles built during the year. On this showing, the railroad system of the United States on the 1st January, 1875, consisted of 72,574 miles. In 1873 the new construction amounted to twice that of 1874, but the distribution of the work in the various States shows considerable diversity, as will be seen by the subjoined table:

MILEAGE OF NEW RAILROADS IN 1873 AND 1874.

	1874.	1873.		1874.	1873.
Alabama	18	2	Missouri	31	236½
Arkansas	18	217½	Nebraska	..	41
California	115½	85	Nevada	40	18
Colorado	123	121	New Hampshire	45	60
Connecticut	..	29	New Jersey	39	40½
Delaware	16	21½	New York	125¼	242¼
Dakota	..	80½	North Carolina	68	15
District of Columbia	7	..	Ohio	142½	172
Florida	18	..	Pennsylvania	184	203
Georgia	..	122	Rhode Island	14	22
Illinois	212	274½	South Carolina	..	88
Indiana	206½	84½	Tennessee	..	114
Iowa	34	93	Texas	75	385½
Kansas	61	36	Utah	43	85
Kentucky	31¼	65¾	Vermont	5	53
Maine	37½	..	Virginia	72¾	36
Maryland	5	34	Washington Territory	6	50
Massachusetts	27¾	117½	West Virginia	..	36¼
Michigan	48	196	Wisconsin	93	320½
Minnesota	36	48			
Mississippi	27	7	Total	1,923	3,883

From these figures we find that two-thirds of all the new railroads built during the last twelve months have been in the States of Illinois, Indiana, Pennsylvania, Ohio, New York, and California. This fact is of no small importance. It illustrates the conservative and cautious principles which preside over our present work in the field of railroad enterprise. It shows that the most capital has been spent, and that the greatest activity has been developed, in the railroad net-work of those parts of the country which are most rich in population, in potential wealth and in productive power. In strong contrast with this are the records of previous years. Thus, while we spent on railroads in the New England and Middle States 58 millions of dollars in 1872 and 103 millions in 1873; the railroads of the Western and Southern States absorbed no less than 133 millions of dollars in 1872, and 179 millions in 1873, the year of the panic. It has been one of the chief errors of our railroad policy that we have built too many roads in sections where they cannot hope to pay interest on their

cost for many years to come. Dividing the States into groups, we find the railroad progress of the last two years compares as follows:

RECAPITULATION BY GROUPS.

		1874.		1873.
New England	Miles.	130	..	282
Middle States		364	..	507
South Atlantic States, including Florida		169	..	295
Gulf States (west of Florida)		120	..	394
South Interior States (Ark., Tenn., Ky. and W. Va.)		49	..	463
North Interior (Ohio, Mich. and Ind.)		397	..	453
Northwestern States (Ill., Wis., Minn., Ia., Mo., Kan., and Neb.)		467	..	1,050
Far West Interior (Col., Utah, Dak., Nev.)		106	..	304
Pacific Coast		121	..	135
Total	Miles.	1,923	..	3,883

It has been pointed out that the additions last year to our railroad system, small as they may seem to us, have exceeded the yearly average of railroad construction effected in England, or by any of the nations of Continental Europe during the past ten years. Moreover, there is the advantage that we have not, as in previous years, been building our railroads with borrowed money taken out of the vaults of banks, or of bankers who dared to incur the risks of generating a panic by lending money for fixed, permanent investments when they borrowed it on call or at short notice. This dangerous policy is no longer dominant among us. The immense sums of money which went into our railroad construction for several years prior to the panic, as is well known, were derived from call loans to an unprecedented extent. Just as happened in England, in the railroad mania of 1844 to 1847 and in that of 1864 to 1866, a number of banks and bankers, ambitious of higher profits than could be gained by legitimate business, caught the speculative mania of the time, and embarked in railroad building to an unsafe extent, bequeathing to the future a large amount of bad work, which had to be done over again before the growing edifice of our railroad system could become durable and strong. Prior to the outbreak of the panic of 1873 the activity of railroad building had begun to abate. The aggregate of new lines opened in 1872 reached 6,809 miles, and in 1871, the largest year on record, 7,579 miles. This decrease had been occasioned by the causes to which we have referred above, as well as by the resulting pressure in the money market, and by the fact that railroad building had already been overdone. The following figures show the annual mileage of new railroads built for ten years past:

NEW RAILROADS CONSTRUCTED IN THE UNITED STATES, 1865–'74.

	Miles.		Miles.
1865	1,177	1870	5,525
1866	1,742	1871	7,579
1867	2,449	1872	6,809
1868	2,979	1873	3,883
1869	4,953	1874	1,923

GOVERNOR TILDEN'S MESSAGE TO THE NEW YORK LEGISLATURE.

One of the most sound and timely State papers ever issued by a Governor of New York is the message just presented to the Legislature at Albany. Among its other good results, it can scarcely fail to produce a favorable effect on the credit of our State securities. Mr. Tilden gives a detailed statement of the condition of the State Treasury, showing a balance of $ 6,494,881·44. On the 30th of September, 1874, the total funded debt of the State was $ 30,199,456·40, the actual reduction during the year being $ 6,024,950. The State tax levy for the year amounted to 7¼ mills; the total tax will be $ 15,727,482, about $ 900,000 in excess of the amount levied during the preceding fiscal year.

In regard to the canals, the Governor lays down the principle, that, although the State is in one sense the owner of these great highways of commerce, because it has, by taxation, supplied the money to construct them, still, in another sense, the State of New York is nothing more than a trustee, having control over the canals for the benefit of the general commerce of the country at large. He shows that, during the last three years, the income of the Erie Canal, considered alone, has been $ 8,143,536·21, and its expenses $ 5,079,063·30, yielding a surplus of $ 3,064,472·91, or an average for each year of $ 1,021,490·97. The excess of expenditure over income of the three other canals which are to be retained by the State, has been $ 1,820,002·14, or three-fifths of the surplus produced by the Erie. Considering the four as a system collectively, the surplus has been $ 1,244,470·77, or an average for each year of $ 414,823·59. During the same three years the five other canals to which the constitutional amendment applies, have given an income of $ 119,864·45, or for each year, of $ 39,954·81, against an expenditure of $ 1,596,499·74, or for each year, of $ 532,166·59. They have consumed all the net income of the paying canals, and have charged the State with a loss of $ 232,164·52, or for each year, $ 77,388·17. In addition to this annual loss, the whole burden of the sinking fund to pay the canal debt is thrown upon the State.

A large part of the message is devoted to the new Amendments to the State Constitution, and to the proposed legislation for the punishment of frauds in officials, and for the prevention of future scandals, like those which have lately inflicted such stupendous losses on the city of New York. As the legislation on these important subjects may be expected to occupy so large a part of the session, the Governor has not seen it right to propose other reforms, such as that of the usury laws, which are not just now so clamorously demanded as formerly by public opinion.

In conformity to the example of some of his most illustrious predecessors, Governor Tilden gives utterance to some wholesome doctrines about the currency, and condemns the current fallacies on the subject. He says: "The illusion is too common that an additional issue of currency in legal tenders or bank notes would alleviate the distress now felt in business, cause a general rise of prices, and revive a seeming, if not a real prosperity. Thus many are tempted to desire or to acquiesce in a demand upon the Federal Government to put out new promises to pay, while it is yet in a long-continued default as to those heretofore made; and to do so after ten years of peace, while having no better excuse for its present default than lack of skill in applying its abundant resources to the restoration of the public faith. The hope of benefits to any class from such an unsound policy would prove to be completely fallacious. It would prolong and intensify the evils sought to be alleviated. This conclusion is clear upon principle, and in our own experience.

"If the currency be redeemable, the wants of the community, and not the wishes of the banks, will determine the amount which will remain outstanding. All that Government ought to do toward fixing that amount is to provide methods to enforce payment by the issuers of such notes as the holders, not wishing to use, return to the issuers for redemption.

"It is true that in times of speculation the currency increases. Transactions become more numerous. Higher prices cause the same transactions to absorb more of the medium of payment. There is greater disposition to provide for contemplated or possible operations. There is less care to economize the loss of interest on the amount kept on hand. In times of depression all these conditions are reversed. During the long period of downward tendencies, from 1837 to 1842, the currency fell of itself to about one-half its amount at the beginning of the period. . . .

"It is only by artificial changes in the currency—generally made by Government—that the currency itself becomes the primal source of speculation. In fact, it nearly always happens that speculative purchases are originally made on personal credit, evidenced by open account or notes of hand. The banks are applied to only at the expiration of the original credit; and then what is wanted is, not a continued use of bank notes, but a loan of capital. Bank notes are one of the wheels in the machinery of credit. They have no quality peculiar in its action on prices, or different in its action on prices, from any other part of the machinery of credit. The currency, at its present amount of bank notes and legal tenders, is less than the deposits, and is but a small fraction of the whole existing mass of credits, including book accounts, notes of hand, drafts and bills of exchange. And new forms of credit machinery are capable of being invented indefinitely, as when, in September, 1873, the New York Associated Banks created a currency of twenty millions of certificates, to be used in the exchanges between themselves." . . . .

In his views on these topics Governor Tilden agrees with Thomas Tooke and the advocates of what is called the Banking theory, in distinction from the Currency theory, defended by Lord Overstone and embodied in the Bank of England. As to the inflation of prices, Mr. Tilden attributes it to the issue of legal-tender paper money, and to the excessive amounts of such paper forced into circulation. He says:

"There is no doubt that the issue of legal tenders during the civil war hastened and greatly increased that inflation of prices which naturally resulted from the increased consumption and the waste caused by military operations, and from the diminished production occasioned by so large a withdrawal of workers from their ordinary industries. It is the nature of credit to be voluntary. It is founded on confidence. Credit on compulsion is a solecism. So that a forced loan of capital from all existing private creditors cannot but be costly. It was made, in this instance, on a security which bore no interest, and interest on which could only be represented in discount from its par value. It gave to the lender an agreement to pay, which, being instantly due on demand, started in its career a broken and dishonored promise. . . .

"An excess beyond what is capable of being used for the business of society is now, for the first time, distinctly indicated. The movement of the crops in the last autumn—which requires something like one-tenth addition to the ordinary amount—created no stringency. The banks have voluntarily withdrawn some millions of their circulation. It is probable that the amount capable of being absorbed by the business of the country, will continue to fall for a long period. In such a condition of business, of credit and of the public temper, a new issue of currency would not cause a rise of prices, unless it were so excessive as to occasion speculative depreciation, or distrust of ultimate redemption. It could not reanimate the dead corpse of exhausted speculation. A period of quiescence must ordinarily precede a renewal of the spirit of adventurous enterprise."

The Governor next passes to the depression of business, and traces it, in part, to the same causes which produced so many other financial evils. He says: "The distress now felt is incident to the continued fall of values, which is the descending part of the cycle through which they must pass after being forced up to an unnatural elevation. The want felt is a want of capital, which the party does not own, and has not the credit to borrow; not a lack of currency. It is caused by investments in enterprises which have turned out to be wholly or partially bad, or which give slower returns than was anticipated; by too much conversion of circulating capital into fixed capital; by excessive undertakings or engagements, induced by a reliance on a credit that was transient. In a period of falling prices, good property becomes less convertible. It loses its circulatory quality. It almost ceases to be a resource to obtain money.

"These inconveniences would not be removed if the Government should put out legal tenders and take in a corresponding amount of bonds, or if a bank should deposit bonds and receive notes in exchange. Still, the individual distress for the want of capital would have no additional means to buy or borrow these new issues, which the new owner would obtain only by paying for them. A diminution of the Government bonds outstanding is a condition of the increase of legal tenders or bank notes. If an embarrassed person could obtain the Government bonds surrendered or deposited, he would be as much relieved by his power to dispose of them as he would by a power to dispose of the legal tenders or bank notes. His difficulty is that he is equally unable to obtain either. He has not the means to buy or the credit to borrow them. What he wants is something to make his bad investments good—his slow investments current; something to make his property convertible—to impart to it a circulating quality, as when there is a general rise of values under a speculative excitement, and everybody is disposed to buy, and everything finds a ready market. He wants something to create in others a disposition to buy, in order that he may be able to sell. This is what, in the present state of things, an increase of the currency will not do. It would not act mechanically on prices. It does not operate by physical means. It simply influences the minds of men. It induces them to buy, and in the effort to do so they bid up prices. It is only when the minds of men are disposed to receive an impulse toward buying, that such an effect is produced. When speculators go into the market to influence others to buy, in order that they may sell, the conference usually ends in a fall. Even when speculators go into the market to sell on an event expected to cause a rise, the result is commonly a fall. Every body cannot get out at once at the expense of others."

This leads us to the remedy, which is redemption and resumption. Mr. Tilden argues that this is the only cure for the maladies that afflict our currency, our credit, and our commerce. "The Federal Government," he says, "is bound to redeem every portion of its issues which the public do not wish to use. Having assumed to monopolize the supply of currency and enacted exclusions against every body else, it is bound to furnish all which the wants of business require. The case is, as if the Government should undertake to monopolize the supply of lake propellers or canal boats to bring grain to market. If it should not furnish enough, the derangement of business and the distress of producers and consumers would be intolerable. While securing redemption, the Government should organize a system which passively allows the volume of circulating credits to ebb and flow, according to the ever-changing wants of business.

"The ability of the Federal Government to resume specie payments is thus simply a question of its command of resources to pay such portions of the circulating credits it has issued as the public, not wishing to use, may return upon it for redemption.

The amount to be paid can not be considered large, in comparison with its financial operations. It has the taxing power, and by reducing its expenditures could accumulate an adequate surplus. It has the borrowing power and good credit. It can make permanent loans and pay the Treasury notes which are returned for redemption. It can convert them or fund them into interest-bearing securities. In that case they would cease to be currency, and would take their place among investments like National, State, municipal, railroad, or other corporate bonds, or any of the numerous forms of moneyed securities, of which many thousand millions are held in our country. The circulatory quality, in securities of equal general credit, is chiefly a question of the rate of interest they bear.

"The amount of coin necessary for resumption is, first, an adequate reserve to meet the demand for exportation, for which the Treasury would become the universal reservoir; and second, a surplus sufficient fully to assure the people that the Treasury supply would not be exhausted. The power to command coin as the owner of foreign bills of exchange, or in other forms, would, to a large extent, be equivalent to possessing coin. Beyond such an amount of coin, the question is simply a question of capital.

"The exact time of actual resumption, the process, the specific measures, the discreet preparations—these are business questions to be dealt with in view of the state of trade and of credit operations in our own country, the course of foreign commerce and the condition of the exchanges with other nations, the currents of the precious metals, and the stocks from which a supply would flow without undue disturbance of the markets of other countries. These are matters of detail, to be studied on the facts and figures. They belong to the domain of practical administrative statesmanship. It is quite clear that the problem ought to be worked out, without costing the country any thing like such disturbance in its business and industries as the operations of the Federal Government during the last ten years have repeatedly created."

After some further arguments on this subject, the Governor proceeds to insist upon administrative economy and lighter taxation. He concludes as follows:

"In the decade beginning July, 1865, the people will have paid in taxes, computed in currency, seven thousand millions of dollars. Three-fifths were for the use of the Federal Government, and two-fifths for the State and municipal governments. It is doubtless true that some portions of the municipal expenditures were for objects not strictly governmental. But it can not be questioned that much too large a portion of the whole net earnings of industry, and of the whole net income of society, is taken for the purpose of carrying on government in this country. The burden could more easily be borne when values were high and were ascending. As they recede toward their former level, the

taxes consume a larger quantity of the products which have to be sold in order to pay them. They weigh with a constantly increasing severity upon all business and upon all classes. They shrivel up more and more the earnings of labor. This condition of things ought to admonish us, in our respective spheres, to be as abstinent as possible in appropriations for public expenditures. If the cost of government in our country were reduced, as it ought to be, one-third, it would still be larger than a few years ago, taking account of the prices of the products which, in order to pay that cost, we are compelled to convert into money.

"The people are less able to bear such taxation, by reason of the want of efficiency and economy in production, and the want of frugality in consumption, generated by the causes already indicated, and also by reason of the failure to completely renew the productive energies and activities of the States of the South, which furnish about-half of the exportable commodities of the country other than specie, which are large consumers of our manufactures and productions, and which make us their carriers, merchants, and bankers in all their domestic and foreign transactions.

"If public necessities must wring so much from the earnings of individuals, taxation must become scientific. In our new condition all the problems of administration have become more difficult. They call for more intellect and more knowledge of the experience of other countries. They need to become the engrossing theme of the public thought in the discussions of the press and in the competition of parties, which is the process of free institutions. The people must once more give their minds to questions that concern the ordinary conduct of government, if they would have our country to start afresh in a career of prosperity and renown."

RESUMPTION BY BORROWING GOLD.

The National Board of Trade held a meeting 9th December, 1874, in Washington, at which a resolution was unanimously adopted to recommend to Congress to borrow four hundred millions of gold as a means of resuming specie payments. The meeting was composed of representatives from the Boards of Trade of Boston, Buffalo, Chicago, Detroit, Milwaukee, Philadelphia, Portland, St. Louis, and Baltimore. After a full discussion of this subject during most of three days had elicited a great diversity of views, the following "Plan for the restoration of Specie Payments by the Treasury of the United States" was agreed upon without one dissenting voice or vote. It was also ordered to be laid before the Secretary of the Treasury, the Senate Finance Committee, and the House Committees on Banking and Currency and Ways and Means; which was subsequently done. The document is subjoined:

A Plan for the Resumption of Specie Payments by the Government of the United States.

First.—That the Secretary of the Treasury shall be authorized to borrow the sum of two hundred (200) millions of dollars in gold, at a rate of interest not exceeding four-and-a-half (4½) per cent. per annum, the interest on which shall be payable half-yearly in gold, and the principal thereof be reimbursable in gold at the expiration of thirty (30) years from the date of its negotiation. Said loan shall be sold at such price in gold as the Secretary may deem proper, and shall be paid for by the purchasers at such times and in such proportions as the Secretary may deem expedient for the purposes of this act. *Provided, however,* that the whole sum shall be paid into the Treasury, within two years from the passage of this act: *Provided, further,* that the Secretary of the Treasury, in offering this loan, may, in his discretion, offer to receive a portion, not exceeding thirty-three and one-third per cent. of each installment of the proceeds thereof, in United States Treasury notes, said notes to be canceled and destroyed as received into the Treasury.

Second.—The gold proceeds of said loan shall be applied for the redemption of the outstanding legal-tender notes and fractional currency of the United States, which shall be canceled and destroyed as the same shall be redeemed.

Third.—So much of the proceeds of said loan as shall be requisite shall be applied to the purchase of silver bullion, and to the coinage thereof, in such amount and in such denominations as may be sufficient to redeem the outstanding fractional currency of the United States.

Fourth.—The Secretary of the Treasury shall be authorized to borrow, at any time after the first day of January, 1877, the sum of two hundred (200) millions of dollars, or any part thereof, at a rate of interest not exceeding four (4) per cent. per annum, the interest on which shall be payable semi-annually in gold, and the principal of which shall be reimbursable in gold on the first day of January, A. D. 1917, on such terms in gold as he may deem advisable, and the proceeds of said loan shall be made payable into the Treasury at such times as the Secretary may deem advisable; but the whole of said loan shall be paid into the Treasury before the first day of July, A. D. 1878, and the proceeds of said loan shall be applied to the redemption of the outstanding Treasury notes of the United States: *Provided, however,* that if the Secretary of the Treasury, with the approbation of the President, shall deem it expedient to offer said loan for sale, payable in the Treasury notes of the United States, he shall be authorized to sell said last mentioned loan of two hundred (200) millions of dollars, in sums not exceeding twenty (20) millions of dollars at any one time, to the highest bidder therefor, and to receive in payment for the proportions of said loan so sold any outstanding Treasury notes of the United States, and upon the receipt thereof said notes shall be canceled and destroyed.

Fifth.—The said two loans of two hundred (200) millions each may at any time after the issue thereof be substituted by the National Banks of the United States, as security for the notes issued by them for the loans of the United States, now authorized to be deposited for the security of said notes.

Sixth.—Six months after the passage of this act, all limitations upon the amount of National Bank notes to be issued, and the location of the banks issuing the same, shall be repealed.

Seventh.—Whenever by the operation of this act any portion of the Treasury notes or fractional currency of the United States shall be redeemed, canceled and destroyed, as aforesaid, no new issues of such Treasury notes or fractional currency shall be made.

On this plan, Mr. B. F. Nourse, of Boston, makes the following report to the Board of Trade of that city:

"This recommendation will, upon examination, be found in close accordance with the suggestions (which did not take the form of a defined plan) in the report of the Secretary of the Treasury. It differs in two respects: first, in not proposing any repeal of the legal-tender law, which the Council held could not be done without providing for coincident payment of the legal-tender notes,—which would itself be specie resumption,—and that therefore it is best to leave to those notes their existing character, until they shall gradually be retired, with prohibition upon reissue; and second, in providing for a gold loan of two hundred million dollars, as a step preliminary to any other action looking toward specie payments by the Treasury; whereas, the suggestion of the Secretary was to make such loans as might be required, and whenever required, in the course of the resumption which he proposed. This difference was one of simply inversion in the order of proceeding.

"The Council had great satisfaction in uniting heartily upon a plan which was substantially the same as the Secretary had recommended, the latter having been received with extraordinary favor throughout the country. That measure, or series of measures, for the restoration of a sound currency, which shall work the highest benefit and the least injury, must contain in its terms assurance of its success; of continual progress toward the desired result, and of gradual and moderate action, commanding the confidence of the people from the day of its enactment, so that productive industry, now so largely inactive, may be renewed; that capital and labor, now so largely idle or poorly paid, may find profitable employment; and that prosperity may quickly be restored. The method must command the approval of capitalists and political economists, or the loans required for its accomplishment cannot be negotiated on terms such as the wealth and stability of our country should command. The Council believe that the plan presented by them has these requisites.

"The first loan proposed is upon bonds having thirty years to run, because such bear a higher value than bonds that may be redeemed in five or ten years; bearing four and one-half per cent.

interest, because, under the operation of the whole plan, and for the object designed, the bonds at four and one-half per cent. to run thirty years, should be worth par or a premium in the money markets of the world; not limited as to the price for which they shall be sold, because, when offered, the bonds will command their full market value, and no limitation can force upon them a higher one.

"This loan for two hundred millions gold is proposed as the first step in the plan, because it is prudent to secure the means of redeeming the paper currency before giving any pledge for that redemption; and the two years are allowed to the subscribers for the loan for paying it into the Treasury by installments, to avoid any disturbance of the gold markets of the world by ample notice, and to give time for due preparation of all interests to meet such changes as might arise under the operation of the act. Should such a loan be taken largely or wholly in Europe, it does not follow that it would cause any shipment of gold hither; but it would so affect the course of exchange as to retain in this country the gold and silver we are now exporting, and, perhaps, might cause an inflow of commercial gold to some extent, because of the higher value, in relation to our other commodities, which gold would acquire under the act itself. If redemption should be entered upon, or fixed by law for any given date, without prior arrangement for the gold necessary to sustain specie payment by the Treasury, the alternative might be presented of absolute failure in the attempt to resume, or of such sudden demand upon Europe for gold as would seriously disturb financial conditions there, and compel the sale of our national securities at rates neither creditable nor expedient. The supply of gold in the world is amply sufficient, but its distribution is not easily changed in large amounts without serious consequences. Herein the need of ample notice and time for adjustment to any new requirements. The great movements of gold required for the payment of the indemnities of France to Germany, and for the substitution of gold in place of silver as the standard in Continental Europe, seem to be nearly completed. The present seems therefore to be a favorable time for authorizing the Secretary of the Treasury to invite proposals for a loan to be paid in during two years, the payment of which shall be accomplished with no greater disturbance than such a change in the *course of exchange* as shall retain in this country the production of our mines.

"The proposed purchase of silver bullion, its coinage, and the tender of exchange of that silver in redemption of the fractional currency, would be expedient as a step on the road to full specie redemption, in case, and only in case, the operation of the whole act would carry the gold premium down to about seven per cent. before the issue of that silver coin, and hold it there or lower; because, should the gold premium rise so high that silver coin became cheaper than silver bullion, in gold value, the coin would.

at once go into manufactures of silver ware or be exported. But it is believed that the measures proposed, especially the fact that gold redemption of United States Treasury notes was to follow immediately after the issue of silver coin, as soon and as fast as the Secretary should find the means at his command, would avert all chance of such a rise in the gold premium as would cause any disappearance of the silver coin.

"It is proposed to give the Secretary of the Treasury authority to make another loan of two hundred millions gold, or so much thereof as may be necessary to sustain full redemption of United States notes; this loan to be upon bonds having forty or fifty years to run, to bear four per cent. interest, and not to be offered until January 1, 1877, then to be paid into the Treasury within two years—this loan, like the first one, to be sold for its market value.

"The plan contemplates the cancellation and destruction of all the fractional currency and United States notes that shall be redeemed with the proceeds of these loans, with prohibition upon the reissue of any portion thereof; it appropriates the proceeds of said loans wholly and solely to such redemption until specie payments by the Treasury shall have been fully established; and it places certain discretionary powers with the Secretary of the Treasury, both as to terms of the loans to be negotiated, and as to the time, degree of progress, and process of actual redemption of Treasury notes, which powers are indispensable to the best adaptation of terms and conditions to circumstances as they may arise but can not be foreseen.

"The Council fully recognized the fact that to raise the whole of the present volume of the paper currency to par of gold, and hold it redeemable, would be impossible; that such an aggregate of currency as the existing amount of paper raised to the purchasing power of gold, and increased by the amount of gold necessary so to raise it, would be an extraordinary inflation, hurtful and undesirable, and, fortunately, impracticable. Its plan, therefore, contemplates contraction of the existing issues of paper, not in the mere issue of coin in exchange for Treasury notes, which at the moment would be only substitution, but by the necessary operation of the act. Under it the National Banks would be compelled to make timely and early preparation for the redemption of their notes in gold or surrender their circulation. Both effects would doubtless result, but primarily that of surrender of circulation, which, already bringing little or no profit to many of the banks, would be a cause of embarrassment, and perhaps of actual loss under the necessity for gold resumption. The retirement of legal-tender notes would compel the banks to gather in reserves of gold. Those notes being destroyed, and gold sure to leave the country upon any adverse course of foreign exchange, every issuer of notes would be put upon due care and preparation for such an exigency. A currency redeemable in gold always possesses in that

quality the power of contraction and expansion to the measure of the needs of a healthy business. Should a large contraction of the amount of National Bank notes now outstanding follow upon the passage of an act for the restoration of specie payments by the surrender of circulation, it would be no matter of regret, but rather of congratulation: for the surrender of bank circulation sets capital free, and free or loanable capital is the great want of our country.

"Among the members of the Council, gathered from different sections of the country, there was no difference of opinion upon the urgent necessity for some act of Congress that shall work an early and sure restoration of a sound currency, to restore confidence, and put an end to the distressing stagnation of business; to quicken into new life the many industries now more or less idle, and to increase the sum of our productions of wealth by the amount now annually lost by this depression, estimated as not less than two hundred and fifty million dollars. For this reason the Council pressed the necessity for some act to work this beneficent result, upon the consideration of the committees of Congress, rather than the merits of their own plan, well pleased if some more effective and better one should be devised and adopted by Congress."

It will be seen that some of the essential features of the foregoing plan are earnestly defended by an able writer, whose name, if we were at liberty to give it, would add considerable weight to his opinion. The communication of our correspondent appears in a later page of this issue, under the signature of "A Constant Reader."

GROWTH OF THE PUBLIC DEBT OF FRANCE.

During the last five years the National debt of France has doubled. It now amounts to 23 milliards, or 11 times as much as in 1814. The present debt equals one-seventh of all the property, real and personal, of the French people. The English public debt was formerly the heaviest in the world. Its amount is about one-tenth of the aggregate of real and personal property in Great Britain. As to the French debt, which is now larger by $ 500,000,000 than that of England, M. Paul Leroy Beaulieu has written an interesting account in the *Revue des Deux Mondes* for 15th December. He shows that the origin of the Great Book of the public debt only dates from the year 1793, when a general consolidation was made of all the debts, annuities, anticipations, and other Government obligations, which were converted into a perpetual five per cent. rente, entailing an annual charge of 174 millions of francs. The dividends were, however, rarely paid, excepting in assignats or paper of a fictitious value, and six years later the Government was forced to

compound with its creditors. The debt had become reduced by confiscation of property of the *emigrés* to 120 millions of rente, which was reduced by a fresh conversion to 40 millions, the public being reimbursed the remaining two-thirds in bonds exchangeable for the confiscated lands of the church and the nobles. Thus at the commencement of the 19th century the annual charge of the National debt of France was only about $8,000,000, or less than one-tenth of that of England at that time, and one-third of the interest of the debt of Holland.

The extension of the French debt made but little progress under Napoleon I., and from 1800 to 1814, a period of fourteen years of almost continuous war, the annual charge increased from 40 million francs to 63 millions, and of the 23 millions added to the yearly charge, 10 millions represented rente created to repay debts left by the Government of the Directory to its successor. In reality the debt was only increased during the Consulate and the Empire by 7 millions of rente, or 140 millions of capital. It would be curious to know, if a calculation were possible, what sum was furnished by Europe to France during those fourteen years of war in the form of requisitions, plunder, and indemnity. Napoleon the First used to boast that he would make "war support war," and he was as good as his word. After the fall of the Emperor the expenses of the Government were greatly enhanced. The Restoration increased the annual charge of the debt between 1814 and 1830 from 63 millions to 165 millions, but that period had to bear the penalty of the doings of the former Governments, and the loans issued by it were required to pay the war indemnity of 700 millions, the indemnity of 1,000 millions paid to the *emigrés* for their confiscated property, and the burden of the occupation of a foreign army of 150,000 men.

The rente created under the Restoration in reality amounted to 165 millions, but during all that period a regular system of amortization was maintained, and 54 millions of rente were redeemed; at the same time a saving of 6 millions was obtained by a conversion of the debt in 1825, and 3½ millions of rente having reverted to the State were annulled. The excellent administration of the Ministers of Finance, Baron Louis, Corvetto, and de Villète, had in the meantime so improved the credit of the country that from 7½ to 9½ per cent., the cost of the loans from 1815 to 1818, a loan of 80 millions in 4 per cent. rente was obtained in 1830 from the house of Rothschild at 102½. This is the only instance in the financial history of France of a loan being negotiated above par.

Only a year later the Government of Louis Philippe required to borrow a sum of 120 millions, and this loan was issued in five per cent. rente at 84. The revolution of 1830 had thus depreciated the public funds to the price at which they stood after the revolution of 1870 and the Commune, and with the perspective of the payment of the indemnity of five milliards. With the

re-establishment of order a loan of 150 millions in five per cents. was raised the next year at 98½. At the close of the Government of Louis Philippe the annual charge had increased to 177 millions; 38 millions of new rente had been created, but as 26 millions had been redeemed, the addition under this reign was only 12 millions. The three years of the Republic added 53 millions to the annual burden, which in 1852 amounted to 231 millions, or about one-third of the annual charge in England at that period.

Under the Second Empire several loans were made in rapid succession, and before the war of 1870 the annual charge, from 231 millions in 1852, had increased to 358 millions, the share of the Government of Napoleon III. being 127 millions. It is, however, an error to suppose that the burden of taxation was increased during this reign; the new indirect taxes established between 1848 and 1865 amounted to 328 millions, but the reductions were 337 millions, a decrease of 12 millions, in addition to the suppression of the addition of 17 centimes per franc formerly made in the foncier tax. The policy of the Empire consisted in raising loans, the interest of which was to be met by the increase in the yield of the old taxes, and the prosperity of the country was such that the system was steadily continued for eighteen years without disaster.

At present the whole consolidated debt in 3, 4, 4½, and 5 per cent. rente amounts to 748,303,653 francs of annual interest, but this increase of 390 millions does not represent the whole of the charge of the public debt; to that sum has to be added 9 millions for interest on the debt to the Bank of France; 2 millions for the thirty years' bonds of 1862; 17¾ millions for the Morgan loan; 20½ millions for the annuity to the Eastern Railway for the lines in the annexed provinces; 22¾ millions for guaranteed interest to the railway companies; 36¾ millions for interest on the floating debt, and 107 millions for pensions—making, with some minor items, 227½ millions, or, with the consolidated debt of 748 millions, a total sum of 1,026 millions of francs in yearly interest, equal to about 30 francs per head of the population. The fundholders in France in 1869 were 1,254,000 in number, and of the chief loans, that of 1868 for 450 millions, elicited offers of more than 15 milliards, or thirty-four times the sum demanded. The loan of 1872 was thirteen times covered, but then the amount required was over 3 milliards. Those brilliant results were not, however, unknown at former periods, as in 1818 a loan of 292 millions, nominal, was subscribed for eleven times over, and the funds rose 20 per cent. in a short time; but this success was not of long duration, for a large number of the subscribers had taken on themselves engagements beyond their means, and the fall was as rapid as the rise had been. The wonderful success of the earlier loans of the Second Empire is also remembered as the inauguration of a new policy in Government finance—that of popularizing Government securities. With some modifications, this policy was adopted by our Treasury under Secretary Chase, for the negotiation of the most successful war loans in 1862 and 1863.

BANKING IN CHINA

Paper money is well known to have been in use in China from a very early period, and its history there has often been described. What is not so well known is the system of banking in China. We find some interesting facts in the Statistical Journal extracted from Justice Doolittle's "Social Life of the Chinese." This work was printed in China, and has not been republished in this country. The following details are given in the work relative to "Banking, Bank Notes and Clubs:" The native banks of Fuhchaufü are quite numerous, and the bank bills in use are noted for their unique appearance, and for the difficulty with which they are counterfeited. The banks are not under Government inspection or control. Any individual who has the capital, or any company of individuals who can furnish the necessary funds, may establish a bank and issue bills, without getting a charter, or applying for any kind of permission from the Government.

A few years ago the mandarins at Fuhchau issued bank bills in behalf of the Imperial Government, in consequence of the extreme scarcity of the common copper cash. The Government also issued iron cash, which at first were received as of equal value with the copper cash. But the iron coin was soon counterfeited in great quantities. It also became rusty. The Government bills, being payable in iron coin at par with copper, became very unpopular and greatly depreciated. The value of a dollar in Government bills or iron cash was at one time, in 1858, eighteen or twenty thousand cash. The Government finally bought up the iron cash and withdrew its bills from circulation, leaving the private banks to supply the paper currency as before.

Some of the banks are of long standing, and, as their proprietors are known to be very wealthy and sufficiently honest, their bills are in general use in the transaction of business. These bills are of various denominations, as representing cash, dollars, or silver; and of various values, from four hundred cash, five hundred cash, six hundred cash, one thousand cash, &c., as high as several hundred thousand cash; from one dollar up to several hundred or even thousands of dollars; and from one tael of silver to hundreds or thousands of taels of silver. Experience proves that there is little comparative risk from counterfeiters. A bill is generally preferred to the cash which it represents, unless the owner wishes to make use of the value in the purchase of small articles, or for the purpose of making various payments with it. The real risk in the use of bills arises from the liability of the bank to fail suddenly.

The outline of the bill, with various devices to make counterfeiting difficult, is engraved neatly on a solid block of brass in the

case of wealthy banks; poor proprietors of banks use hard wood instead of brass. The right-hand margin is made an inch or more wider than the left-hand margin of the block of brass or wood, for a purpose which will be mentioned shortly. The value of the bill and the day of issue are filled in with the pen, and one or more words to facilitate the detection of a counterfeit. Various stamps, large or small, round, or square, or oblong, some of which are very curiously and elaborately engraved, are impressed on different parts of the bill, using red or blue ink. These add very much to the neat and handsome appearance of the note, and are believed usually to have some secret or private mark. From these and other causes the notes are very difficult to imitate with precision and exactness by counterfeiters.

But perhaps the use which is made of the wide right-hand margin furnishes the greatest security against counterfeiting. On this margin are stamped or written various words, phrases, or sentences, before the bill is cut off or trimmed and put into circulation. When every thing is ready, these stamped or written sentences or phrases are cut through by a sharp knife, leaving the right-hand margin of the bill about the same width as the left-hand, though it presents a very different appearance. Of course the edge of the right-hand margin of the bill and the edge of the paper which was cut off from it will precisely match each other; but, as the sentences have been cut into two parts, part of the words and stamps will be on the bill and part on the slip of paper cut off. These slips are all carefully kept in a book form ready for reference, each slip containing the value, date, and private marks of the bill corresponding to it. On the presentation of a bill for payment, if there is the least doubt of its genuineness, reference is made to the corresponding proof-slip, and the banker or his clerks know immediately whether it is genuine or counterfeit. A successful imitation of the written sentences and words, the blue and red stamps, which are found on the right margin of a bank bill, and which have been cut through on a line parallel with the left-hand margin, it is almost impossible to make so exact, precise, and minute as to fit the preserved proof-slip.

When a new bank is opened, custom demands that the proprietors, the head directors or clerks of the principal neighboring banks, and the principal money go-betweens who are connected with them, shall be invited to a feast at the expense of the proprietors of the new bank. Generally, after this feast, these neighboring bankers, unless they have especial reason to distrust or be dissatisfied with the new banker, are willing to recognize the new bank, and use its bills according to custom. The bank go-betweens also consider the new bank as now established, and do business with it on the usual terms, as with old banks in good and regular standing.

The bills are all made payable on demand. If the holder of bills against a particular bank present them for payment, he may

be paid in cash, or in the current bills of other banks, or in silver or gold, according to the current rate of exchange. It is not entirely at the option of the bill-holder what shall be the equivalent given him, but more at the option of the banker, especially in case of an emergency. As a general rule, however, the wishes of the bill-holder are complied with. Cash bills are usually paid in cash.

It is an established custom in this place, that if a bank is not able to discharge its obligations immediately on the presentation of bills by redeeming them in some way, the holder of the bills may seize hold of anything in the bank and take it off, to the full amount of his demands, if he pleases to do so, and there would be no liability for prosecution for theft or misdemeanor. Instances have occurred where some rascals and their accomplices have tried to find, or, rather, make occasion for rifling banks, by calling in a body and simultaneously presenting their bills, with loud outcries and insulting remarks, and, by their improper conduct, have caused what seemed to be a temporary suspension of payment. Occasionally, at such times, a seeming pretext has been given through fear of actual robbery on the part of the bankers, and their assistants and clerks, for the crowd of rascals to pretend that the ready money in the bank was short, and that they were in danger of not getting their bills cashed, all which has resulted in their beginning to plunder the bank. And when an excited and interested crowd has begun such a work, it is exceedingly difficult to prevent the completion of the undertaking. There are plenty of beggars and idlers or vagabonds in the streets who are only too happy to assist in such an exciting and profitable sport as robbing a bank. Instances are not very rare when banks have been completely riddled of every portable thing worth carrying off, even to the sleepers and the rafters. Strictly speaking, according to custom, only those who have bills against the bank have any right to engage in helping themselves to the payment of their demands. In fact, however, the vast majority of those who engage in gutting a bank under the plausible pretext of its not having money to redeem its bills, are those who have no bills against it, and, who, in truth, are nothing but thieves and robbers.

In the year 1855 there was an unusual panic among bill-holders. Several banks had just failed, that is, had been unable to redeem their bills on presentation, and had been robbed of everything in their offices by bill-holders and by the lower class of the populace, who joined them in plundering. The viceroy determined to make an example of a few in order to avert impending anarchy and universal distrust. Early on a certain morning bills were presented for payment by many persons at a respectable bank located on the south street in the city. A large crowd assembled, and soon a robbery of the bank commenced by a multitude of persons. Several of these rioters who had no bills against the bank were arrested by the police, among whom were a poor chair coolie and a respectable neighbor of the bank, a

dealer in rice. The viceroy, as soon as he heard of the circumstances, and of the arrest of these men, who manifestly had no plea but robbery for engaging in the "gutting" of the bank, determined that they should be beheaded, without trial, at once, and in the street where the robbery was committed. His subordinate officers endeavored to dissuade him from the sanguinary measure, fearing that the populace would rise *en masse* and murder the mandarins, and inaugurate a revolution, should those men be thus beheaded; but the viceroy was firm, arguing that it was the best, if not the only means of preventing universal anarchy. He issued his warrant for their execution, and the wretches were immediately taken out into the public street in front of the bank and decapitated. All this occurred, and the report had spread all over the city and suburbs, before nine o'clock in the morning. The viceroy was correct in regard to the effect he said it would produce. The summary act at once quelled the disorderly rabble, and no such disposition to rob a bank contrary to custom—that is, by persons who, according to custom, had no right to embark in the pillage of a bank, because they had no bills against it—was manifested in this city or suburbs for a considerable time.

Sometimes a rumor is spread abroad that a certain bank is in danger of breaking, or that it is being "run"—that is, bill-holders against it have become frightened for some reason, and are presenting the bills they happen to have, for payment or redemption. At such times all, whether living in the city or suburbs, who have bills against it, are in haste to bring them forward in time, lest the bank should really fail or be robbed, in case ready funds should be exhausted. This rush of persons who really have claims against it adds to the confusion and excitement. On these occasions the friends of the bankers rally around to aid in keeping order, and the idlers and vagabonds assemble in the contiguous streets, ready to assist should their services be in requisition to rob and tear down.

Should the bank be robbed at such a time, such a fact frees the proprietors of it from all obligation to redeem their still outstanding bills, unless they should be pleased to redeem them. It is believed that most of those who engage in banking in this part of China are honorable enough to do their utmost to redeem their bills should they honestly fail, or lose so much money in the business as to determine them to close their banks. Such persons usually have two words written in large characters posted up on a conspicuous part of the premises, which intimate that they will "hereafter pay," or redeem their bills on presentation. This notification amounts to a request that those who have their bills will present them without delay for redemption. It also implies that they are desirous of closing up their business, and they do not at present propose to issue any more bills of their own.

Some bankers when they find that there is danger that they will be "run," if they have reason to fear the result, adopt the pre-

caution of publishing that they will "hereafter pay." After this precaution, no gutting or running of the bank is permitted according to custom. Sometimes, after a running of the bank has commenced, the bankers manage to send a confidant to come to an understanding with a mandarin, who immediately sends his underlings to close the doors, and post large and long strips of paper on them in one or two places, in the form of the letter X. These strips have, among other characters, the name or title of the mandarin who orders them to be posted up. After having been officially sealed up, they proceed to settle their accounts more at their leisure than they otherwise might have been obliged to do. It is hinted that the mandarin who assists them in the manner above mentioned is always willing, for a consideration, to lend them his influence. Gutting a bank is considered disgraceful, and therefore very undesirable by respectable bankers. Not unfrequently several bankers agree to help each other with money in case they are run.

The Chinese bankers are not a whit behind our Wall street brokers in speculating in the precious metals. The value of sycee or dollars, in cash or bills, fluctuates sometimes largely from one day to another, and even from hour to hour of the same day. This fluctuation is said to be managed principally by speculators in money, aided by the bank go-betweens and the proprietors of the principal banks. When they have reason to believe that a large sum of specie has arrived, or is about to arrive, owned by traders who desire to invest in produce, the "bears" operate to put the price of silver lower than usual. On the other hand, if they know that there is a considerable quantity of silver in the shape of sycee required by Chinamen to take away to other parts, then the value of sycee or dollars, as compared with cash, becomes at once higher than usual; the "bull" speculators, who have capital available for such operations, of course take advantage of these changes and fluctuations to buy bills or silver when cheap and plenty, intending to sell them when dear and scarce.

In ancient times, some emperors coined cash in the shape of a knife, and other fanciful shapes. These are now highly prized as curiosities, and are not in general circulation as coins. Coins of modern times are round, with a small square hole in the center. Ancient coins are used oftentimes as charms or amulets against evil spirits. Some kinds are used in divination.

In 1850 a dollar was worth in bills or cash at Fuhchau 1,400 cash. In 1854 it was worth 1,750. It fell in August, 1863, to 1,050 cash. The large importation of silver, or its equivalent in value, to pay for the teas purchased at this port, has kept down the price of dollars, and, consequently, in most branches of native trade there is very little business, because silver, imported by Chinamen to purchase native products, exchanges for so small an amount in cash or bills, in which the price of articles is usually reckoned, that they cannot afford to change their silver into cash

and purchase what they desire to take away. They are sure of doing a losing business. When dollars or sycee command a high price at the banks, native business is brisk. A dollar or a tael purchases then much more of native products than when the price of a dollar or of a tael is low. The price of native commodities does not fluctuate nearly as much as does the price of sliver.

For the raising of money without interest there are many ingenious methods in use among the Chinese. Among these are various kinds of clubs, two or three of which are worthy of mention. It often occurs that an individual desires to have a certain sum of ready money to use, but he finds himself unable to command it. Instead of borrowing the amount and paying the exorbitant rate demanded by money-lenders, and instead of trying to raise the sum among his friends as a gift, or as a temporary loan, he endeavors to induce them to form one of these monetary clubs, the immediate object of which is to furnish him with the desired amount, but the future effect of which will be to supply the same sum to each one of its members without the usual heavy interest.

He induces a trusty friend to become second or assistant, he being its head or principal. Having prepared a number of red envelopes, each containing a small sum of money, he calls upon his relatives and friends who are able to engage in the club, and who he desires should enter it, explains to them his plans, states the amount he wishes to raise, each member's share, and all needed particulars. Those who are willing to engage in the club receive one of these envelopes as a kind of bargain, and after that they may not withdraw without his consent, or unless he fails to secure the required number of names. These are regarded by the customs of society as bound or pledged to perform their part in the contemplated union. In case of not succeeding in obtaining the requisite number of responsible names, the undertaking falls through.

Many friends and relatives are willing to engage in a club to aid a person when they would not contribute to give the needed sum to him, and many are willing to try and form a union, professedly for their benefit, when they would not receive money as a gift, and when they would be ashamed to ask their friends to contribute money for their use.

One of these unions is the Shaking Club, so named from the frequent tossing of dice by its members. The number of members is not fixed, varying from five to twenty or more. Suppose the sum to be raised is 100,000 cash, and the number of members is ten; each man's share will be 10,000 cash. Suppose the time for the payment of the shares is quarterly, there being ten payments, it will require two years and a-half before the business of the club will be perfected, by the reimbursement to each member of the precise sum which he has paid in.

The business is all managed by the head man and his assistant, and the meetings of the club are held at the house of the former, or at the place he appoints. He is at the expense of a feast for the members of the club the first time they meet, it being the time when he receives the sum of 100,000 cash, including the sum which he is supposed also to pay in, though really he does not provide it, but only receives 90,000 from the other members. At this first meeting no dice are thrown, it being well understood that the sum is to be taken by the head man.

At the next meeting each member brings his 10,000 cash, which is given to the one who, on casting the dice, gets the highest number of spots, the head man and his assistant not engaging in the casting of dice; the latter, according to the rules generally adopted, taking his 100,000 cash at the third meeting of the club, without any appeal to the dice.

At the fourth, and every subsequent meeting, those who have not drawn the sum throw the dice according to the rules of the club, to decide who shall take the 100,000 cash. All who have previously drawn the sum, excepting the head man and his assistant, at any meeting of the club, are expected to contribute a small sum for the incidental expenses, as paper and refreshments.

If anything is left unexpended at the close of the tenth meeting, it is considered as belonging to the man who has waited till this time, when he receives his 100,000 cash.

In this manner, provided every member fulfills his pledges, each man will have paid into the club 100,000 cash, and each will have received back the same amount. While his payments will have been small and at intervals, the sum received back will have been obtained at one time.

The principal drawback against this method of raising money is the great uncertainty of every man fulfilling his part according to the by-laws of the club. These are fixed upon by the head man as regards times of payment, number of members, and amount of each installment, at the time he gets it up. Sickness, misfortune, or death may prevent the payment of some of the members at the stipulated time. Such cases cause much trouble to the head man and others who have received their allotted money, who are held responsible by the other members. When the club breaks down in consequence of the inability of some members to pay in the sums agreed upon, those who have received money must return in small sums, and at intervals if they cannot pay at once, the amount received over and above the sum they have paid into the club. In case of positive dishonesty on the part of one of its members, the head man is considered bound to make up the sum he ought to have paid. Each man, on receiving the sum paid in at one meeting, must give a document with the names of two men as his security, one a member of the club and one not a member, pledging himself to the proper fulfillment of his responsibilities in the case. Probably few cases of downright dishonesty occur in

connection with these clubs, because the members are generally mutual and firm friends of each other, and especially of the head man.

Sometimes a club is got up among friends for comparatively very small sums, as in shares of two, four, or six dollars. Poor men, who cannot raise the sum desired at once, but who can save enough to make a payment every quarter or oftener, sometimes engage in such clubs. In all cases, whether for large or small sums, whether the number of members be few or many, or whether the intervals between payments be monthly or quarterly, the same principle is kept in view, the obtaining of a round sum of money for use without the payment of interest, to be refunded in installments at intervals.

Another curious association for similar purposes bears the suggestive name of "The Snake-casting-its-skin Club." This union is so called from the circumstance that the head man, for whose benefit at first the money is subscribed, pays it back to the members by regular installments as may be agreed on when formed, just as, it is said, the snake sheds or casts its skin gradually, or at regulated intervals. There is no need of an assistant in the working of this club. The members subscribe a pay-money but once. There is no division of this money among them; the head man takes it all for his own use when it is paid in, which is done at its first and only meeting. At this time he prepares a feast for its members. The money he then receives, he agrees to refund to the subscribers of it at regular intervals, by uniform installments, in the order decided on by the drawing of lots, or by the throwing of dice, at the time of its being paid in. Each member must wait until his turn arrives for receiving back the money he subscribed.

Finally, we will mention "The Dragon-headed Club." This name is suggestive of greed. It has its origin from the fact that the Association exacts from its members that their first payments shall be much larger than subsequent payments, just as the Chinese dragon's head is much larger than its body. The number of shares, times of payment, &c., are arranged by the head man at the time he solicits the names of his friends as members. Suppose the number of members is twenty, including the head man, and the first payment is 10,000 cash on the part of all but the head man, who advances nothing, but receives all that is paid in, the amount is 190,000 cash. In case the meetings are held quarterly, every three months after the first meeting the head man pays into the club 10,000 cash, and each one of the other members pays in 1,000 cash, making in all 29,000 cash. It is decided by the throwing of dice to whom this shall be paid. In this manner, in five years from the commencement, the head man will have paid into the club 190,000 cash, the amount he received at its first meeting, and each of the other members will have paid in 29,000 cash, and will have received back the same amount. The proportion between the first and succeeding payments agreed upon by the parties concerned, of course, will be the rule of any club.

THE MONETARY SYSTEM OF BRAZIL.

No. II.

Very little is known in this country of the monetary system of Brazil. Except by our merchants whose business imposes the necessity of acquiring some information on the subject, the interesting and suggestive history of the monetary experiments of the Brazilian Government are rarely investigated among us. The coinage of money in Brazil was begun in 1694, by the Portuguese Government, in the city of Bahia. The mint was in 1699 transferred to Rio de Janeiro. In 1703, this establishment was reorganized, and a monopoly was conferred upon it by the suppression of several smaller mints, which, however, soon sprang up again. In 1849, the monetary system of Brazil underwent a radical reform, and from that period to 1872 the mint at Rio de Janeiro coined in gold pieces 43,306,010 milreis; in silver pieces, 18,446,045 milreis; in alloyed copper pieces, 628,770 milreis. The standard of value has been several times disturbed. It is now the gold octava of 22 carats, equal to four milreis, which are worth about $2·16 in gold. Since 1857, English sovereigns have been a legal tender to the amount of 8,890 reis. Two causes have been at work to disturb the Brazilian currency; first, the policy above referred to as urged by the Government to change the metallic standard; and secondly, the issue of an inconvertible paper currency, consisting of Treasury notes, called *sedulas*, for various denominations, of one milréis and upwards. As stated in our last number, the total coinage from 1694 to 1872, was as follows: Gold, 296,237,146 milréis, equal to $159,968,058; silver, 46,576,832 milreis, equal to $25,151,489.

Before the year 1810 the legal currency of Brazil was chiefly of gold, for the silver coins, like those of England and the United States, had but a limited circulation and served merely the subsidiary office of change. The gold* coins of 6$400 réis and 4$000 réis had a different standard of value from the silver money, the royalty on the first being 6⅔ per cent., on the second about 18½, and on the last 15 per cent. The legal relation of gold to silver was as 1 to 13, while the relation in the open market averaged about 1 to 16. The metallic par of the 6$400 réis piece in sterling was 67½ pence per milréis; that of the 4$000 piece was 60¾ pence, while that of the silver coin was about 54 pence; but the mercantile par ranged at an average of about 60 pence per milréis.

This state of things was only possible under the close colonial exclusion in which Brazil was held until the year 1808; but in

* The sums given here are in *Réis*. This word is the plural of *Real*, and one *Real* in Brazilian money is about half a mill. In Portuguese coin, however, it is about one mill. The modern Brazilian *Milréis* (written 1$000, one thousand réis) is equal to 54 cents in gold. The Portuguese Milréis is worth about double that of Brazil.

that year King John VI., then Prince Regent, threw open her ports to foreign commerce. As a consequence of the opening of the ports, and the false relation between gold and silver, Brazil very rapidly exported and lost her gold, which was taken from her in exchange for silver, so that about the close of the year 1809 the Government found it necessary for the public convenience to increase the silver coinage, and in April, 1810, ordered the restamping of the Spanish dollar at the value of 960 réis, and these silver coins, being made receivable for public dues, took the place of gold in the circulation of the country.

The result of this substitution of a silver for a gold circulation was to reduce the par of exchange on London to 54 pence. At the same time, the course of prices in Brazil was disturbed, and all commodities seemed to be growing dearer. This was in part due to the depreciation in the circulating medium, and in part to other causes. With a view to carry out the new financial policy, the Government created by charter, the 12th October, 1808, a bank of issue and deposit, which commenced its operations in December of the following year.

For some time, the operations of the bank were conducted prudently, and its notes circulated at par with the silver coin, but the necessities of the Government soon exhausted the resources of the bank and forced it into excessive issues, so that depreciation was the inevitable consequence. Specie was demanded of the bank in redemption of its notes, and it had none to give. At the first signal of depreciation of these bank notes the silver coin disappeared rapidly from circulation. Hence, it happened that as the beautiful gold coin of 1809 was crowded out by silver, so ten years later, in 1819, the silver coin, in its turn, gave place to miserable slips of paper.

Great abuses, frauds even, in the management of the bank, and excessive issues, produced its ruin. In 1820 the bank was insolvent. On the 23d July, 1821, at a general meeting of the shareholders—but without consultation with or consent of the Government—a resolution was adopted to pay its outstanding notes in the following manner, viz.: 75 per cent. in small notes, 15 per cent. in coin, and 10 per cent. in copper; and this scale remained in force until the extinction of the bank.

This resolution was almost equivalent to a suspension of payments; but the bank continued in operation. The liquidating commission, years afterwards, declared to the Judicial Arbitrators, appointed to decide upon the questions between the bank and the Government, that subsequently to the establishment of the scale of redemption above referred to, the bank had continued to make loans to the Treasury and to discount Treasury obligations, whether presented by the Government itself or by individuals possessing them; that up to 1822 the bank had also continued to discount commercial paper, but that after that date it had made no new discounts of such paper, renewing only those previously made.

But as late as the 10th April, 1824, the bank applied to the Government for authority to increase its capital stock by 1,200 shares, it being thus raised to 3,600,000$000. The document in which the Government gave its assent to this application furnished additional evidence that at that time the issues of the bank were excessive. Assenting to the application, the decree of 3d May, 1824, declared that the managers of the bank would be enabled, with this increase of capital, not only to extend its business, but also to retire a part of the excessive issue of its notes to which it had been driven by the force of circumstances.

The circulation of the Bank of Brazil and its branches at this time (1824) was 11,390,920$000. It rose in 1825 to 11,940,920$000; 1826 to 13,300,920$000; 1827 to 21,574,920$000, circulating at a very heavy discount.

Under these circumstances the law of 13th November, 1827, which established the sinking fund, seeking to liquidate the debt of the Government to the bank, prohibited the bank from making any addition to its circulation after the 1st January, 1828, and applied 6,000,000$000 in bonds of the Government, bearing 5 per cent. interest, to the redemption of an equal amount of bank notes. But this measure was inoperative, as no one was found willing to take the 5 per cent. bonds at par, while the 6 per cent. bonds of the Government were selling at 65 to 66.

Nevertheless, the circulation of the bank decreased, and was in 1828, 21,355,920$000; in 1829, 19,174,920$000.

The average annual exchange on London in 1825 was 51⅔, but declined in 1826 to 47½; in 1827 to 36¼; in 1828 to 31⅓; in 1829 to 25¼.

All the symptons of the depreciation of the circulating medium were reflected in a marked manner by the course of the exchange; and as this declined, the price of gold gradually rose and with it that of merchandise.

The Legislature determined therefore to put a stop to the operations of the bank, and to enforce its liquidation; postponing its final dissolution until the 11th December, 1829, when its charter would expire, but requiring an immediate liquidation. The nation guaranteed the notes of the bank then in circulation, the Government paper money to be issued in substitution. To give them the more prestige, it was ordered that the notes should be received in payment of public dues. The nation bound itself for the payment of all this paper circulation, pledging therefor all the Government revenues until its final redemption. To which end, besides the resources applied, or which might in the future be applied by the Legislature, there were consigned at once the resources of the nation, which were not required for the public service, the punctual application thereof being guaranteed under the penalty attaching to the fraudulent application of public moneys.

The debt of the Government being ascertained, if it should be found to exceed the circulation of the bank, the Government was to settle the excess in its bonds; if, on the contrary, the circulation should exceed the debt of the Government, the bank agreed at once to withdraw the excess ascertained to exist. Thus terminated the first bank of issue, its stockholders bringing charges of ingratitude against the Government, in whose service principally the institution had ruined its credit, bequeathing to Brazil the mischievous legacy of paper money, which evil, in fact, the Government had introduced several years before.

RESERVES OF THE LONDON JOINT-STOCK BANKS.

The small reserves which the great banks of London have, for many years, been in the habit of keeping, are attracting, just now, considerable attention both here and in Europe. The London *Economist* has discussed the subject in several recent articles. An experienced banker offers the following plan for the formation of a Clearing-House Reserve, which, notwithstanding its defects, gives a suggestive illustration of the drift of public opinion, and might probably, with some modifications, be, with advantage, adopted. The plan is as follows:

SUGGESTIONS FOR THE FORMATION OF A CASH RESERVE BY THE CLEARING BANKERS OF LONDON, TO TAKE THE PLACE OF THEIR PRESENT BALANCES IN THE BANK OF LONDON.

"From the Return presented to Parliament in 1873, it appears that the average amount of bankers' balances in the Bank of England for three preceding years may be reckoned at about 8 millions.

"Of this amount it is assumed that the clearing bankers owned by far the largest share,* but the experience gained in May, 1866, and in other times of pressure, has proved that the balances of the bankers are not in excess of their requirements.

"It is now proposed that an association be formed by the clearing bankers for the custody of their cash reserves, on a principle which shall combine security to the public with a certain amount of profit to the bankers. The present system, it may be maintained, provides neither of these advantages.

"The security of the public, as shown by the events of 1847, 1857, and 1866, can only be preserved at the expense of a breach of the law.

* The aggregate "cash in hand and at the Bank of England," belonging to four clearing bankers, was 10½ millions at midsummer, 1874. It is probable that not less than half this amount consisted of balances at the Bank of England.

"There is no profit to the banker arising from his balances at the Bank of England, and consequently no encouragement to him to strengthen them beyond the lowest limit consistent with safety. Assuming this limit to be eight millions, it is proposed that the minimum reserve of the Association be fixed at that amount, to be contributed by each member in proportion to his liability to the public on current-deposit account; and it is estimated that a contribution at the rate of 5 per cent. on the liabilities of the clearing bankers would produce 8 millions.

"The following, among others, would be the rules of the Association:

1. Each member is entitled to increase his reserve to double the amount of his minimum contribution.

2. The minimum reserve of 8 millions shall be kept in bank notes of £1,000 in the strong room of the Association.

3. A portion of the surplus over 8 millions may be employed, at the discretion of the managers, in short loans on British Government Securities with a margin, and the profit realized, after payment of expenses, shall be divided among the members in proportion to their respective balances.

4. A member desiring to withdraw a part of his balance may do so, but if he shall withdraw any part of his share of the minimum, he must deposit with the manager of the Association approved bills, having not more than 21 days to run, or British Government Securities with a margin. Interest to be charged at a rate fixed by the Manager, and divided according to Rule 3.

5. A member requiring to withdraw more than half his share of the minimum will cease to belong to the Association.

"The business of the Association would include the daily settlement of differences at the Clearing-House by means of transfer cheques. The Association would hold its unemployed balances in bank notes, but would effect its payments by transfers only.

"It is believed that by the operation of this scheme the following objects would be accomplished:

(*a*.) A minimum, equal at least to the present average banking reserves, would, as far as possible, be secured.

(*b*.) Bankers would be encouraged to increase their reserves in excess of the minimum, while the mode of employment indicated would render such extra reserves available.

(*c*.) The weekly publication of the amount of the Clearing-House reserve would be a reliable index of the state of the market, and would materially influence the rate of discount.

(*d*.) An agency would be established for mutual support and assistance among bankers in times of difficulty.

"It is felt on all sides that the old system of paternal government is passing away. The Bank of England, which once distanced every competitor, is now only *primus inter pares*, and if another

panic like that of 1866 is to be avoided, it must be by timely preparation, and by a recognition of the changes which events have brought about."

This proposal has caused a lively discussion, which is still going on in the London newspapers. The *Economist*, on the part of the banks, declares that the change suggested would cost more than the existing system, and would consequently lessen the profits of the joint-stock banks. It would also disturb, so argues our contemporary, and throw into confusion the present methods, which have so long been established that they must not be disturbed. The London *Times*, on the other hand, has given conspicuous prominence to several long and able communications, arguing in favor of the change, and so far it has not inserted any thing on the opposite side. The *Times* has not as yet spoken editorially. But the present loose method of keeping the reserves in the London Joint-Stock banks is seen by the public to be so prolific of mischief, and so fruitful in panics, that some reform is absolutely certain to be made before long. The plan above suggested is of course capable of being modified with advantage. As a beginning, it would not, perhaps, be needful to pass any new law or to disturb the existing Bank Act, which is admirable both in its spirit and in its provisions. Since it was first enacted, in 1844, it has fully accomplished its specific purpose, which was to close the door to one of the causes of panics. There are other causes of panics which that law did not check, nor was it leveled against them. Its force was directed against panics like that of 1825, which entered through the avenue of the bank circulation. There has been in England no panic of this sort since the Bank Act of 1844. Its success has been complete. Like a watchful Cerberus, it has fully done the work allotted to it at the gate it was set to guard. No change whatever, then, is at all needful in the Act of 1844. Its defects are of a very subordinate character, and can await future reforms, if indeed they cannot safely be left to cure themselves.

The present seat of danger in the English money market is not the bank circulation, but the bank reserves. Here is the weak spot in which all the panics originated, which have desolated British commerce since 1844. The convulsions of 1847 and 1857, the embarrassments of 1864 and 1865, and the great Overend panic of 1866, with its long paralysis of industry, which was more complete, more incisive, and more slow of recovery than any recent panic—all these were either caused or greatly enhanced by the discovery that the banks of London were not strong in banking reserves. This is proved by the fact that, when these banking reserves were recruited from the note reserves of coin in the Bank of England, the worst symptoms were immediately mitigated, and the panic began to abate. What is needful to be done is that the Joint-Stock Banks of London should publish a weekly statement, and should hold an adequate reserve of cash in their own

vaults. These two simple provisions would be enough to correct the evil. First, make it obligatory on each bank to hold a certain reserve of cash; and secondly, require a weekly sworn publication to assure the public that the duty is faithfully performed. That such a simple expedient would be both practicable and efficient we have the very best proof, for in Louisiana it was tried as long ago as 1842. It has been in full force in this city since the panic of 1857, and had much to do with our exemption from panics during the war. The progress of this agitation in London will be watched with the more interest as our money market shows at present a livelier sympathy than for some years past with the changes in the money markets of Europe.

A SHORTER ROAD TO SPECIE PAYMENTS.

To the Editor of the Banker's Magazine:

SIR: I crave your permission to submit some observations on Mr. John Earl Williams' "Short Road to Specie Currency," which was propounded in a letter addressed to Senator Sherman, dated 11th May last, and which was inserted in the BANKER'S MAGAZINE for September, together with editorial comments thereon. Concurring, as I do, in the main features of Mr. Williams' scheme, I am of opinion that it is susceptible of material improvement. Mr. Williams contends that Congress should assume the prerogative of furnishing all the inhabitants of the United States with a uniform National currency, and he correctly points out that the profit to be derived by the use of notes, convertible into gold on demand, ought to accrue to the people of the United States, and not to the National Banks. There is at the present time an opportunity, which should not be lost, to secure a sound National currency, yielding a considerable profit to the nation, and without the slightest inconvenience to those engaged in trade and commerce. You apprehend that "one of the first fruits of carrying Mr. Williams' plan into effect would be to force into liquidation all those banks which depend materially on the interest of their hypothecated bonds." If this surmise were correct, I should maintain that the sooner such banks were forced into liquidation the better; but I cannot discover in the National Bank statements any ground for your apprehension, nor am I aware of any good reason why bankers in the United States should not carry on their business, as the same class do in England, without enjoying the advantage of circulation. Mr. Williams' scheme would, doubtless, involve a certain amount of loss to the National Banks, which would be equivalent to the gain to the people at large; but I apprehend that such loss would fall, not on the banks,

but on their customers. I can readily conceive that at the time when the bank-note currency of the country was supplied by the State Banks, and when the assets held against it consisted largely of commercial paper, much inconvenience must have been felt at its withdrawal. The National Bank circulation, being represented by United States securities, held by the Treasury to a larger amount than the issues, no inconvenience whatever would be felt by the public if United States notes were substituted for National Bank notes. The loss which would fall on the banks would be to some extent compensated by the removal of existing restrictions, as Mr. Williams has pointed out under the 6th head of his remarks, and surely the people at large are more entitled to the profit to be derived from the circulation than the National Banks. It seems to me unfortunate that Mr. Williams should have suggested in his letter that the amount of currency should be 800 millions of dollars. The circulation should be, as it is in England, self-regulating. An amount should be fixed by law, experimentally at first, beyond which all issues should be represented by gold. It ought not to be difficult to determine what would be a safe amount to calculate on as a reliable circulation based on Government bonds. That amount should not be less than 400 millions, nor more than 500 millions of dollars. Taking Mr. Williams' estimate of 150 millions of gold, there would be in circulation from 550 to 650 millions of notes, and, if more were required, gold would flow into the Treasury in exchange for them, precisely as it flows into the issue department of the Bank of England. On the other hand, if the estimated currency were found redundant, the gold reserve in the Treasury would be reduced. It is probable that, after experience, the amount issued on the basis of Government securities might be increased, but it would be advisable to be cautious at the outset, and 400 millions would, I should think, be a safe estimate. This, at 5 per cent., would yield a profit of 20 millions per annum, less the cost of engraving, issuing, and redeeming the notes. Mr. Williams is, I venture to think, mistaken in not making his coin notes legal tenders. These notes should be, like those of the Bank of England, and of the Dominion of Canada, legal tenders everywhere but at the office of redemption in gold, in New York. They should be receivable for customs and excise duties, and would be held as reserves by the National Banks. The effect would be to economize gold to the utmost possible degree, without depreciating the value of the notes. I venture to dissent from another proposition of Mr. Williams, which is, that "the legal tenders now outstanding shall be redeemed in specie." Such a policy would lead to serious disturbance in all commercial and financial transactions, and would not be consistent with justice. It is, in my judgment, the fatal error in all schemes that I have seen propounded for the resumption of specie payments. I look on it as essential to any equitable scheme of resumption, that there shall be a new issue of notes redeemable in gold, and that the present legal

tenders and National Bank notes shall be called in, the new notes being exchanged for them at a premium to be fixed by law, and which should not be less than 10 per cent. All transactions prior to the date fixed for the resumption of specie payments should be settled in the old currency, unless, of course, they should be payable by special agreement in gold. By such an arrangement all disturbance in commercial transactions would be avoided. I infer from your comments on Mr. Williams' letter that you were apprehensive that his scheme would lead to undue expansion of the circulation, which certainly could not have been his intention, as his Treasury notes were to be convertible into gold on demand. This is the true safeguard. If the notes in circulation are all represented by United States bonds and gold, and if the circulation should at any time prove redundant, a sale of bonds would at once restore the equilibrium. You have admitted, in your remarks on Mr. Williams' scheme, that there is one feature of it "which we unhesitatingly commend, that is, the separation of the deposit and discount business of banks from all complication with the circulating currency." Concurring, as I do, entirely in this opinion, I should rejoice if the Treasury of the United States were authorized to furnish the entire National currency, and to receive the profit derived from it for the nation. I am, however, well aware of the strong opposition which will be made by those interested to that part of Mr. Williams' scheme, and I therefore venture to urge a modification of it, should it be found impossible to obtain it in its integrity. It would, in my opinion, be a great mistake to allow the 382 millions of legal tenders to be funded, as has been proposed. The true policy would be to call them in, and to issue in exchange for them at a premium of 10 per cent., notes redeemable in gold. These notes would be of precisely the same character as those which I have advocated for the entire circulation, but if National Bank notes should still be allowed to circulate, a much smaller amount would be required. An issue of 200 millions on bonds might even be too much, although it must be borne in mind that the National Banks would probably hold, as they do at present, upwards of 100 millions as reserves. I see no reason for abandoning the issue of legal-tender notes, which, if convertible into gold in New York, would be most convenient both to the banks and the public, and, moreover, a source of considerable profit to the nation. When once a resumption of specie payments shall have taken place, there will be no contraction of the circulation. On the contrary, there ought to be no limitation to the National Banks, whether they are or are not to be intrusted with the supply of a portion of the currency. If the whole currency should be supplied by the Treasury on the plan suggested by Mr. Williams, modified as I have indicated, there would be no limit to its extent on the basis of gold, and that, be assured, would be forthcoming if the notes were at par. On the other hand, if the National Banks should have to continue to supply a portion of the currency, they would have to deposit Government

bonds for their issues as at present. In such case an office of redemption in New York should be established, at which each National Bank should be required to maintain a sufficient reserve in legal tenders for the redemption of its issues. I attach great importance to a new issue of legal tenders, or of legal tenders and National Bank notes conjointly, redeemable, the legal-tenders in gold and the National Bank notes in legal tenders or gold, to be substituted for the present currency at a premium of 10 per cent. One advantage, and no slight one, in the scheme above proposed is, that it can be carried out without delay, at any time, by raising a loan of 150 or 200 millions of dollars. Upwards of 40 millions of this would be required for the redemption of the fractional currency. I would observe, in conclusion, that I concur in substance in Mr. Williams' views, though I have ventured to suggest what I consider improvements in the details of his scheme.

A CONSTANT READER.

MR. GEORGE S. COE ON THE FINANCIAL SITUATION.

VIEWS EXPRESSED BEFORE THE CONGRESSIONAL COMMITTEE OF BANKING AND CURRENCY, 14 JANUARY, 1874.

GEORGE S. COE, President of the American Exchange Bank, New York, appeared before the Committee at Washington, the Hon. HORACE MAYNARD in the Chair.

The CHAIRMAN. Will you please tell us whether in your opinion there are any defects in our present financial system; if so, what they are and how they may be remedied?

Mr. COE. These are two very important questions. First, the defects. The defects in our financial system, doubtless, are that we are out of harmony with the commercial world in respect to our measure of prices; that is to say, we are not upon a specie basis. The remedy is a very much more difficult question to determine. We are brought into this position by an extravagant issue of paper money so-called, which paper money did not originate in the natural order of commerce; and here, in order to make a basis for what I have to say, I must explain. All paper used as money should be essentially in the nature of a bill of exchange; it must follow and grow out of trade. It cannot be injected into it by any possible means and still preserve specie payments. Paper money consists really in orders for things exchangeable between men, whether that money be in the form of a bank note, or in form of a bill of exchange, or in the form of a bank deposit. It is drawn on things requiring exchange in the business relations among men. The consequence of that statement is this: that where articles are upon a specie basis in harmony with the world's commerce, every piece of paper issued must follow the article and

not precede it. That is a condition vital to the harmonious commerce of the country and of the world; and while that relation continues to exist there can be no derangement in commerce or suspension of specie payment. But our position is this: The Government, in the war, found itself in an exigency needing more money; it was, in fact, short of those materials of commerce which constituted the basis of money. It was therefore compelled from very necessity to issue evidences of debt. Call it what you may, it was the issue of a debt, bearing no interest, converted into money. Now, so far as they were debts, they grew out of the poverty of the Government. The Government had not in itself substantially the thing signified of which this paper was the promise or sign; consequently the first note issued by the Treasury was a promise which did not mean that the money was in the Treasury, but that it was not there; it represented the absence of it. Consequently, as soon as the new paper became infused into commerce, it worked a dilution of the whole currency. The effect was in some respects similar to the dilution or deterioration of coin by infusing a foreign matter not intrinsic into it; not growing out of the relations between men to each other in respect to their wants; not growing out of commerce in its natural operations; but requiring a law to compel these notes to circulate as money. I therefore say that the issue of every one of these notes was a dilution of the currency; and the deterioration became greater and greater with the quantity emitted, just as gold coin would deteriorate by introducing into it two parts of alloy instead of one. In that way the whole mass of paper currency became deteriorated, and specie payment was suspended. Our paper money was not exchangeable among men in the commerce of the world; and that debased element must be eradicated before we can get back to the normal condition of commerce.

Mr. FARWELL. You mean by that that we must redeem the greenbacks?

Mr. COE. We must redeem the greenbacks as a necessary consequence, and I want to give a reason for that. These greenbacks not representing the commercial value they purport to represent, that value must be put into them by placing the gold into the Treasury; they will then come into proper relations with the commerce of the world; in other words, they will represent things in trade and will be restored to their true position.

Mr. HUBBELL. Your idea is, then, that greenbacks should be redeemed and taken out of circulation?

Mr. COE. It is. It should not be done suddenly, because the present condition of the currency is the growth of years. No sudden return can take place without violence and disturbance in our financial system. I would return as gradually as possible, and continue the process until the adulteration is removed.

Mr. PHELPS. Your dislike to this financial element injected, as you say, into the currency, adulterating the currency, would not be so great if it should be made exchangeable with the good element; in other words, if the greenback currency was made redeemable you would not care to have it go out of circulation?

Mr. COE. I would not like to answer that question specifically, except by saying that I have great doubt whether the Government has the functions of a bank by which it can issue circulating notes at all, except as they issue gold certificates now—a certificate which states that they hold in custody that amount in coin. I have great doubt whether the Government can possibly issue currency otherwise than as a certificate of money in the Treasury, in a normal condition of things.

Mr. FARWELL. What is your panacea?

Mr. COE. That is a question I would hardly like to answer. I have no remedy except this: I think these legal-tender notes should be withdrawn as rapidly as can be done without interfering violently with the course of trade, by funding them, as was the original intention. You will remember that originally every one of these notes was fundable into 6 per cent. bonds; and I think now they should be funded, or the specie put into the Treasury to redeem them; but, as I said before, only by easy stages.

Mr. FARWELL. You would give the holder the option of funding them?

Mr. COE. That is one of the financial problems which it is difficult to solve.

Mr. PHELPS. I would like to have your opinion as to the comparative advantages of the two schemes of getting rid of the legal tenders; yours is gradually to withdraw the legal tenders directly by taking them out of circulation; another is, instead of withdrawing the legal tenders piecemeal, at the rate of two or three millions a month, to gradually accumulate gold in the Treasury until a sufficient amount has been obtained to redeem them all?

Mr. COE. In the first place, I do not think it would be safe to undertake any such wholesale redemption with less than from two to four hundred millions of gold in the Treasury, and to undertake to accumulate that amount immediately would seriously interfere with and derange the commerce of the world. I doubt whether it would be practicable to import even two hundred millions, and lock it up in the Treasury of the United States, without producing too great an agitation in the course of trade.

Mr. PHELPS. Suppose, instead of borrowing it, we retain it as it is received in the shape of duties. We have already paid out, in the purchase of bonds, more than enough to redeem the entire volume of greenbacks.

Mr. COE. It has always appeared to me that the Government did not act wisely in allowing its coin to be sold in payment of its bonded indebtedness, instead of using it to redeem its promises

payable on demand. There was a time when one hundred millions was retained in the Treasury without any violence to the course of trade or commerce. If the course had been pursued of allowing it to accumulate, we could have resumed specie payments before this time. Undoubtedly, between the two plans you mention, the system of retaining the currency at its present volume, and, when a change is made suddenly, to replace one quantity of currency by an equal quantity of gold, would be the best.

Mr. MITCHELL. I take it that we could not resume until currency comes almost to an equal value with gold; in that event gold will come in to discharge the functions of money, instead of remaining, as at present, demonetized by its increased value.

Mr. COE. That is true. In the mean time there must be a gradual adjustment of prices in the whole country before you reach that position. In other words, our commodities must descend in price until we come into harmony with the world's prices. There is no escape from that whatever, and that result is to be reached by economy.

Mr. HAWLEY. It seems to me that for the Government to buy gold in Europe and bring it here in great quantities would involve much disturbance in the market. What would you think of the plan of allowing say ten millions a month to be received for duties and issued again redeemable in gold, say the 1st of January; then ten millions more redeemable in February; another ten millions in March, and so on; each issue having on it the date at which it is to be redeemed?

Mr. COE. The practical operation of that would be to so vary the prices of these different classes of legal tenders as to take them out of the currency for the purposes of trade. No person carrying on a large business could receive in payment for his goods currency differing so greatly in value.

Mr. HAWLEY. I understand your theory, however, to be that any steps on the part of the Government toward specie payment would so appreciate the value of greenbacks to that of gold that there would be no substantial difference in the price—at least that it would be so slight as to create no disturbance?

Mr. COE. That suggests another question. These legal-tender notes being promises of the Government to pay at an indefinitely future time, not having now any representative in value in the Treasury, are worth just the discount for the time at the close of which they will probably be redeemed. If I receive a note having no time fixed for its payment, it is worth exactly the same as a note payable in two years, provided two years is the time when, in my judgment, I can get pay on my demand note.

Mr. HAWLEY. There is another circumstance, however, which enters into the value of this demand note—that it has gone into the currency of the country.

Mr. COE. That is entirely true.

Mr. Hawley. If the note, however, is even convertible immediately into money, it depreciates if more is issued than is needed for the business of the country.

Mr. Coe. In other words, trade is like the blood in a man's body; the currency is a thing that is the consequence of vital action. Paper money properly issued must be the representative of something else given in the transaction. If I have a transaction with the Chairman of this Committee, receiving from him some valuable commodity, and I give a note in exchange, that note is a bill of exchange. But money issued without any representative value behind it is nothing but a debt payable in the future; it represents the inability of the man to pay, and not his ability; and so the currency of the Government represents, not the ability of the Government to pay, but the inability, and therefore it is a debt converted into money by force of law.

The Chairman. Let me ask you, as an abstract proposition, whether you think it desirable at the earliest practicable moment to return to the financial system of the Government before the war, requiring all the operations of the Government to be transacted in coin; the currency of the country beyond that being supplied by the promissory notes of private parties or of bank corporations?

Mr. Coe. I would like to follow down the train of thought I was pursuing a moment before answering that question. Aside from the defect in our financial system which I have mentioned, the Government of the United States has authorized another class of notes to be issued by corporations. These notes are guaranteed by the Government, the Government becoming substantially the indorser of them. Now, I conceive it to be perfectly impossible for the Government properly to direct its attention to its own obligations until it has disposed in some way of these indirect obligations in respect to the National Bank notes. The law requires the Government to pay every defaulting bank note at the Treasury. It is like this: suppose I was in a very large business, and unable for the moment to meet my obligations, but I find that beside my direct obligations I have indorsed for other men accommodation notes which they have issued. My first duty is to dispose of these indirect and incidental obligations and to extricate myself from them, so that I may give my entire attention to the payment of my direct obligations. I regard it as indispensable that the Government should first, in some way, relieve itself of the obligation of redeeming the currency of the National Banks at the Treasury. It is perfectly clear that if we undertake, in resuming specie payments, to provide for the redemption of four hundred millions of legal-tender currency, we shall not succeed if on the top of that is to come all the bank-note circulation, amounting to nearly four hundred millions more, making eight hundred millions of dollars in all.

The CHAIRMAN. Please state whether you can suggest any change either in the amount or character of our currency which would be desirable?

Mr. COE. Allow me to resume at the point where I left off. The points presented by the Committee were, what are the defects of the present system, and how to remedy them? My answer was that the defects of the present system consisted in the fact that we, as a nation, were dislocated and out of harmony with the currency of the world as it is expressed in prices; that is, we are not on a specie basis. The other part of the question was more difficult to answer. In giving an opinion as to what remedies should be suggested, I endeavored to state what I supposed to be the true basis of currency, showing that we were out of harmony with that basis. And then came the question, how to remedy the difficulty. I stated that the currency of the country consisted of two parts: first, the direct issues of the Treasury of the United States, called legal-tender notes; and secondly, another class of currency issued by the National Banks. That the second class involved the contingent liability of the Government as guarantors for every dollar of it. That it was necessary, in looking to any return to specie payment, first, that the country should clear itself of that incidental liability. I want to dwell a moment on that single point.

These promises of the National Banks are issued by corporations, which promises are substantially indorsed by the Government, and therefore in providing for the direct liabilities of the Government for the legal-tender notes, we must pay proper respect to this incidental liability in regard to the bank notes; otherwise, we shall find ourselves embarrassed from the start. How, then, shall that provision be made? Very clearly, by requiring these banks to put themselves in an attitude where they shall take care of themselves. These notes were issued after an issue of legal-tender notes had been made, and an inflation of prices had been produced, and they have to be paid, like all other debts. Hence, in a resumption of specie payment, they must be taken into consideration. It may be said that these bank notes were not issued with the expectation practically that they would have to be provided for; they constitute a volume of three hundred and fifty-six million dollars of paper money put out without any regard to redemption, because the requirement of redemption has never been imposed upon them; and these bank notes, therefore, lie upon the country as a general debt, like the legal-tender notes, in respect to which no immediate provision for redemption has been made. Now, a bank is prosperous and in good condition just in proportion as it frequently redeems its own obligations; that is to say, in proportion as its business is conducted upon short credits, with its assets so held as to be available upon short notice. Frequent redemption constitutes the vitality of all good credit. The redemption, therefore, of bank notes in some practical form is a thing to be de-

sired, both as to the safety of the Government and to the purity of the currency. These bank notes having been put out without any provision for immediate liability of redemption, they are loaned on long credits, and upon property which is not readily convertible, as other property, such as produce and merchandise, is. I think it will be found, upon a careful investigation, that a large amount of the assets of the National Banks of the country consists in long credits, and in property unsuitable for immediate conversion. And that is the natural result of the issue of this paper, without immediate redemption being impending over it all the time. Now, these banks are to be put into a condition of self-sustentation, by making them feel that there is this liability continually impending over them—that they can be always called on for actual redemption. When there is a constant apprehension on their part that their notes must be redeemed when required, they will keep their assets where they will be available for payment, and they will not loan so much upon what are called accommodation notes, and upon property not available for conversion. They will not loan for the purpose of railroad enterprises, buildings, and other property not easily convertible into the means of paying. As soon, therefore, as you restore that liability, you make the bank note a more perfect representative of property than it now is; it comes nearer to property, and is resolvable and exchangeable into something by which it may be paid. And furthermore, as I have stated, you purify the bank currency in that way; in other words, you put the bank upon the position of sustaining itself.

If I have made myself clear upon that subject, it is very plain that no effort to resume specie payment can be made successful without removing this indirect liability, and to produce that result it is required that the banks shall redeem their notes frequently. I might add that the National Banks can only resume in what is recognized as the money of the country at the time; and as that money becomes more and more elevated in its value, they themselves will rise with the whole system to the level of the basis established for the country, whatever that level may be. For instance, if legal-tender notes, after the redemption has commenced, have risen more nearly to a specie basis, have improved in their credit, bank notes will also improve in their credit.

One other remark I should like to make in this connection. If I made myself understood yesterday in the idea that on a true basis currency must be resolvable into property in order to be sound, it follows that the idea of fixing the amount of currency *per capita*—of basing it upon population—is erroneous. You cannot say that, because a community has required at a given time, a certain amount of currency, therefore you can infuse into the mass of currency so much per head of Government credit which has been made by law a legal tender; because currency is regulated in respect to its needs by the laws of industry, and in

connection with improving its value comes the stimulation of industry by producing more property, which only can be done by greater industry and greater economy both on the part of the Government and the individual. Each man must do his part to restore the currency of the country to its proper basis. And that explanation, if I have made it clear, points out one difficulty of resumption.

Now, then, how to resume is a very much more difficult question. It may be done, I think, by one of two processes: First, by the retirement of the legal-tender notes, which, as I said, are pure credit; or, secondly, by supporting the notes and giving them value by means of the property which they purport to represent, but do not represent; that is, by putting under them property in the Treasury, which must, of course, be gold. Then, as the currency rises, if we find when we are approaching specie payments that we have more currency, coin, and paper than we need, the inevitable result will be that the currency, which is exportable, and which is gold, will flow out of the country, and we shall lose it. If, however, we have not sufficient currency, gold will be retained here, because our trade requires it. Gold represents property. A piece of gold is like a basket or a pair of boots; it is the product of industry. If we have an excess of it, it will simply go into the channels of trade and commerce and be exported. If we resume specie payment with too much gold, the gold will go abroad. If we resume with too little gold, it will come hither.

Then suppose the Government should redeem its legal-tender notes, and it should be found that we have too little currency, what will be the result? National Bank notes will be issued to take the place of legal tenders which have been canceled, and the exact quantity of gold will be retained, while if we have too much currency it will be reduced, because it will have to be redeemed in coin; and therefore the proper level will be reached and maintained. I think our position is very much like this: We have isolated ourselves in a lake, separated by an embankment which we have constructed between us and the ocean. If the embankment is removed the level will be immediately regained; the average will be secured. If there is an excess, it will pass out into the great ocean of commerce, and the level will be reached. If we have too little, the deficiency will be made up from the same great reservoir.

The CHAIRMAN. Sometimes the cutting of a sluice from the lake to the ocean drains the lake perfectly dry.

Mr. COE. That depends upon whether the level is below the surface of the great reservoir or above it. I think, however, that figure is a perfectly just one in this particular.

Mr. FARWELL. What is your method for practical redemption at this time?

Mr. Coe. We cannot conceal from ourselves the fact that practical redemption cannot be secured without trouble. It is not an easy thing to do. How came we where we are?—is the first question. Clearly by an excessive issue of paper money in its various forms, which excessive issue is the instrument of excessive expenditure. We are able to expend just so much more, whether the dollar be false or true; so long as we expend it, it is the means of our impoverishment. In this way while we have felt rich we have expended money with great prodigality. The whole community has expended beyond what was really its legitimate income. In the next place, it has been expended by putting it into fixed forms of property, such as railroads, houses, and other forms which cannot go into commerce again by exchange. We have expended a greater amount here than the actual savings of the country would justify. Then, how are we to get back? By reversing our steps exactly. The practical question is, therefore, with what rapidity this reverse action shall take place—whether we shall go rapidly or slowly into resumption. Whether rapidly or slowly, we shall find it a hard, rough road. It is a question of manhood, as the war was a question of manhood. It is one involving self-sacrifice. To a large extent it is a moral question, whether we have the manhood to go through with it or not. But just as surely as we commence the work, depending upon Providence, I am absolutely certain we shall find greater helps in every direction than we can now look forward to.

Mr. Farwell. Is it a fact that in the last ten years the country has been in a prosperous condition in its industries, commerce and agriculture, or not?

Mr. Coe. I know the statement is frequently made that we have been in an unusually prosperous condition; but I think if you will examine the subject carefully you will find that very much of the prosperity of the last ten years has resulted from converting exchangeable capital into fixed capital; in other words, that a large amount of that prosperity has been the result of the creation of property, which under a solid basis would not have been done. The building of houses, of railroads, and other like great enterprises, has been stimulated by the inflation of the currency, causing a feeling in the community of great prosperity. I think in a very large degree these great enterprises have resulted from that feeling, which has kept the country in a condition that seemed to be prosperity; but I apprehend the result will be, when we come to resumption, that we shall find very much of that prosperity like that of a man who builds a house without money to pay for it; it is built upon credit. While the work has been going on he has stimulated a great deal of industry in the employment of mechanical and other resources in his vicinity which have contributed to the structure; but when the building is finished the question arises whether he was justified in making that expenditure. I think a great deal of the industry of the country has been employed in that way during the last ten years.

The CHAIRMAN. As I understand you, then, it would have been better if the industry and capital of the country had been employed in something which would have been consumed or eaten up, rather than putting it in the form of these permanent enterprises of which you speak?

Mr. COE. I think we are a little ahead of time in many of these great enterprises. I think it would have been better if the industry of the country had been directed to the production of such things as would be exchanged in commerce, such as cotton, wheat, and other articles entering into trade and commerce.

Mr. MITCHELL. What you mean is, that property has been put into forms from which it cannot be easily returned or exchanged?

Mr. COE. That is it.

Mr. FARWELL. I should like to hear an answer to my question, whether the country has been prosperous or not in the last ten years.

Mr. COE. I could not answer that question directly without making the explanation I have made. To answer the question directly, industry has been very active and the country has been apparently prosperous, but I do not think it has been that solid prosperity which we should have had upon a specie basis.

The CHAIRMAN. What do you call the prosperity of the country? Does it consist in the employment of labor at remunerative rates, or in the employment of capital at high rates of interest?

Mr. COE. Neither one nor the other. The prosperity of the country is the same as that of an individual; if he makes a little more than he spends, if he saves a little every year, that is prosperity; if, however, he spends a little more than he makes, and gets into debt every year, he is not prosperous.

Mr. MERRIAM. I understand the result of the industry of the last ten years has been that men have bought farms, paid for them, and own them to-day, furnishing a basis for all future time for the labor of the country; and the increase of deposits in the New York State savings banks from $ 72,000,000 in 1862 to $ 274,000,000 in 1872, an increase of over $ 200,000,000. Would you regard that as an evidence of prosperity or not?

Mr. COE. Undoubtedly; unless in connection with it there have been entailed debts which in future will add more to their embarrassments than the investments they have made will to their advantage. Your proposition as stated is undoubtedly true.

The CHAIRMAN. Let me ask whether, in your opinion, the ability of the Government to resume does not depend exclusively upon the question of its revenues?

Mr. COE. I suppose it does.

GOLD HELD BY THE NEW YORK BANKS.

A resolution was introduced in the House of Representatives, on the 23d of December last, requesting the Secretary of the Treasury to call upon the National Banks of the city of New York to report "the exact amount of gold coin, gold certificates and checks or memorandums of individuals held by said banks at the close of business on the 9th of December, 1874."

This resolution was referred to the Committee on Banking and Currency, and no further action has since been had in reference to it. Since the resolution was introduced, the Comptroller of the Currency has called upon the National Banks for a statement of their condition at the close of business on the 31st December last. The returns from the National Banks of the city of New York have already been received, and the amount of specie and coin certificates held by them at that date has been obtained from the Comptroller.

Previous to October 3, 1872, the banks, both National and State, throughout the country, included in their returns, under the head of "specie," coin certificates and checks payable in coin; and, therefore, previous to that time no true exhibit of the actual amount of specie held by either the National or State Banks was available. The Comptroller, in his call for reports, in October, 1872, directed the National Banks to separate the coin from the coin certificates, and to return the checks payable in coin under the head of "cash items." Since that date the reports of the banks have been made in this way.

If the State Superintendent at Albany will request the State Banks to make their returns in a similar manner, the aggregate amount of specie held by all the banks in the city of New York will be at all times available, at not less than four different periods of each year. We have obtained from the Comptroller the following table, showing the amount of specie and coin certificates held by the National Banks of the city of New York, at twelve different periods, from October 3, 1872, to January 1, 1875:

	Held by National Banks in N. Y. City.			*Held by other*	
Dates.	*Coin.*	*U. S. Coin Certificates.*	*Total.*	*National Banks.*	*Aggregate.*
Oct. 3, 1872	$920,767	$5,454,580	$6,375,347	$3,854,409	$10,229,756
Dec. 27, "	1,306,091	12,471,940	13,778,031	5,269,305	19,047,336
Feb. 28, 1873	1,958,759	11,539,790	13,498,549	4,279,123	17,777,673
Apr. 25, "	1,344,940	11,743,310	13,088,250	3,780,557	16,868,808
June 13, "	1,442,087	22,139,090	23,581,177	4,368,909	27,950,086
Sept. 12, "	1,063,200	13,522,610	14,585,810	5,282,658	19,868,469
Dec. 26, "	1,376,160	18,325,770	19,701,930	7,205,107	26,907,037
Feb. 27, 1874	1,167,815	23,518,645	24,686,460	8,679,403	33,365,863
May 1, "	1,530,282	23,454,660	24,984,942	7,585,027	32,569,969
June 26, "	1,842,525	13,671,660	15,514,185	6,812,022	22,326,207
Oct. 2, "	1,291,786	13,114,480	14,406,266	6,834,678	21,240,945
Dec. 31, "	1,443,200	14,410,955	15,854,155	....	....

THE STATE BANKS OF NEW YORK.

REPORT OF SUPERINTENDENT ELLIS.

The Annual Report of the Superintendent of the Banking Department of the State of New York was submitted to the Legislature on January 15th, by Mr. D. C. Ellis.

In the report he makes the following statement of the condition of the State Banks, suggests the amendment appended, and advocates free banking, and a paper currency redeemable in coin:

"On the 1st of October, 1874, the number of banks organized under State laws and reporting to the department was eighty-one. At the same date in 1873 eighty State banks were engaged in business. Five banking associations were organized during the fiscal year. Three of the new banks are organized under the law of 1874 (chap. 126), with less than $ 100,000 capital. Four banks have closed during the year. Three of these went into liquidation voluntarily, the fourth failed. The comparison of the following statements will show the relative condition of the State Banks at the close of each of the last two official years:

CONDITION OF THE BANKS, SEPTEMBER 13, 1873.

Capital	$ 26,958,890	..	Due depositors	$ 70,733,491
Loans and discounts	71,073,544	..	Total resources	116,536,734

CONDITION OF THE BANKS, SEPTEMBER 26, 1874.

Capital	$ 26,336,290	..	Due depositors	$ 62,471,306
Loans and discounts	66,435,729	..	Total resources	111,180,340

The diminution in capital is trifling during the year, while the shrinkage in deposits and in loans and in discounts is considerable. This reduction is an exponent of the contraction in the volume of business since the panic of 1873. The total amount of outstanding secured circulation, September 30, 1873, was $ 656,240; this sum was reduced during the last year to $ 367,438, the decrease during the year being $ 288,802. The aggregate circulation not secured, but still outstanding and charged to the incorporated banks, on September 30, 1874, was $ 737,651·50. The amount of the same on September 30, 1873, was $ 743,876·50. The decrease during the last year was $ 6,125. The amount of the bills received and burned during the year is $ 9,368. Of these, $ 8,535 were notes of free banks, and $ 833 were those of incorporated banks. Sixty-seven banks were credited with lost circulation to the amount of $ 285,559, the time for the redemption of the bills, as fixed by law, having expired. The total sum of outstanding circulation issued by all the banks in the State on the 30th of September, 1874, was $ 1,105,189·50. The incorporated banks

have $737,751·50 of this circulation. The incorporated banks which are now in the way of closing have a circulation of $160,301, which will be canceled during the next year. The whole amount of securities held by the Superintendent in trust September 30, 1874, was $1,320,422·69; $790,043·71 were deposited by banks, and $530,378·98 by trust companies. The mortgages have nearly disappeared in the list of securities deposited by the banks; only $23,900 now remain, these having been deposited many years ago. The bank deposits are all United States or State of New York stocks. Deposits by trust and other companies are chiefly State or United States bonds; in two instances, however, the stock of cities in this State have been deposited."

A Needed Amendment of the Law.

"The Banking Department is uniformly behind the Comptroller of the Currency in the completion of a summary of the reports of the banks in the State. I therefore respectfully suggest that the law should be amended; first, so as to permit the Superintendent to call for a statement of the condition of the banks at any time during the quarter; second, so that the banks shall have five days for making out their statements after the call. This would bring the method of making the quarterly reports of the banks more into harmony with present modes of business than it is now. Banking capital should not be excessively and unjustly taxed. This imposition of excessive taxes is the source of great complaint, and during the past year some banks have sought a remedy in the courts. These facts point to the crude, partial and imperfect laws of the State for the assessment of property for taxation. The banks complain of the injustice, but do not shrink from bearing their fair proportion of the burdens of taxation. It does not seem to be quite just, or good policy, to refuse banks the right to bring their capital within the sum which they have discovered by actual trial is all they can use with advantage. The Legislature may authorize the reduction of capital; it has done so in particular instances. It would be more in harmony with the banking system of the State to pass a general law establishing a practical and safe mode by which a bank may reduce its capital, when it is found that the amount of it is excessive and beyond the requirements of its business. This subject is also respectfully commended to your consideration."

Detached Coupons.—Clark *vs.* Iowa City; error to the District of Iowa. —The Supreme Court of the United States, in a recent decision, holds that where coupons are detached from bonds to which they were originally attached they are in legal effect equivalent to separate bonds for the different installments of interest, and may be sued upon the same as the bond itself. Therefore, a statute of limitations which runs against all written contracts begins to run against such coupons from the date of their maturity. Affirmed, Mr. Justice Clifford dissenting.

BANK CLERKS' MUTUAL BENEFIT ASSOCIATIONS.

NEW YORK, PHILADELPHIA AND PITTSBURGH.

In our January number a brief mention was made of the annual meeting of the Bank Clerks' Mutual Benefit Association of New York, and its most important proceedings were indicated. The Sixth Annual Report of the Board of Management is now printed, from which we take the following:

In presenting the sixth annual report, the Board of Management have the pleasure of congratulating you at the close of one of the most prosperous years in our history. The Permanent Fund has been enlarged by a number of munificent donations; the number of members is greater than ever before; the death rate has been smaller, and the average amount paid as benefits exceeds that of any previous year. The utmost harmony has prevailed in the Association, and the Board has been encouraged and sustained by the co-operation of the Sub-Treasurers, and by the promptitude with which the members at large have responded to all their obligations.

The history and merits of associations like our own have been so amply and ably treated in previous reports, that it would be unnecessary to add anything to that which has already been said. We have arrived at a time when our best commendation is the work we have done, and that which we are prepared to do. It shall be the object of this report to place before you a concise statement of the transactions of the past year, and a summary of our present condition. Such a statement, if it bears witness to careful, attentive and economical administration on the part of officers, directors and trustees, ought to be influential in inducing all bank clerks to become members of our Society, and also to present additional reasons for the confidence of bank officers, business men and private individuals, whose support and trust we have hitherto enjoyed in so great measure. It has never been our policy to restrict the benefits of this Association to an elect or fortunate few. As we have freely received large donations, we have, at the same time, freely extended the invitation to all bank clerks to avail themselves of the benefits resulting therefrom, and we shall not have entirely accomplished our mission while there remains one, entitled to membership, who is not on our roll.

The Permanent Fund has been increased during the year by donations to the amount of $14,230. The entire fund, as will be seen by the report of the Trustees, is $49,505. The amount of interest which they have paid to the Treasurer during the year is $2,514.75. The names of the donors for the year are given by the Trustees in their statement. The members will recognize with pleasure names which now recur annually upon our list as contributors to this fund. These friends who make it a duty to add to our resources with such regularity, will, we trust, be in some measure repaid by the report we offer of the disposition and management of their benefactions. The bank clerks who are members of this Association ought to and do hold these names in especial remembrance and regard.

The large donations of $10,000 from the New York Clearing-House Association, and $2,500 from Chicago Relief Committee of the New York City Banks (being an unexpended amount returned to them), were most gratifying proofs of confidence on the part of the bank officers of New York city. Suitable acknowledgments were made to the very friendly letters which accompanied these gifts. The manner in which the Permanent Fund is invested will command the approval of all concerned for its safety.

During the year we have lost eight members by death—a smaller number than in any previous year. We have paid benefits in the cases of ten persons, two of whom died in the preceding year, their claims being settled in this. The aggregate amount paid in these cases is $10,012.

The statement of Mr. John H. Brennen, the Corresponding Secretary, presents some gratifying and interesting facts. It appears, from the statistics which he has collected, that there are in New York City, Brooklyn, Jersey City and Hoboken 142 banks who are entitled to representation in our body. These banks employ over 1,900 persons, of whom 836 are upon our list of membership. There appears to be over 1,000 clerks and officers who have not yet connected themselves with us. As nearly as can be ascertained, there are 182 of our members who have severed their connection with the banks in which they originally joined the Association, and are now engaged in other callings, either in the city or in different parts of the country. The present active membership has reached the maximum number of 1,018,—a net gain of 31 over the number reported a year ago. The number of forfeitures for the year has been 17—an unusually large one. This fact speaks of changes in the circumstances of some of our members, which has compelled them to abandon their connection with our Association. A large number of bank clerks have lost their situations, owing to the prevailing depression in business, the result of the panic of 1873.

The Treasurer's report, with the certificate of the Auditing Committee as to the correctness of his books and accounts, is also submitted. The receipts from dues and assessments during the year have been $11,165. The payments in cases of death have been $10,012. The expenses, including the salary of the Corresponding Secretary, amount to $987·98. These figures show a net gain of $165·02 on the actual transactions for the year. A further analysis will reveal that from the date of organization to the present time all claims resulting from 56 cases of death and disability, and all expenses incurred in the management, have been paid from the receipts for initiation fees, dues and assessments, with a balance of $2,955·63 unexpended. The interest account has not been infringed upon, except by two payments, amounting to $600, made to the Trustees for premium upon investments of the Permanent Fund. This sum, it is expected, will be returned to the account through the high rate of interest of the investment thus secured. The Treasurer's statement places the total capital of the Association, including the Permanent Fund, as $62,963·80, with no outstanding debts or liabilities.

In summing up the results of our labors for the past six years, in addition to the personal advantages we have reaped from our Association, we think we can claim to have benefited the business in which we are engaged. The act of membership on the part of every clerk is a pledge of the stability of his character and intentions. It is care for the future which leads him to associate with his fellows. Such association creates a common sentiment in reference to our duties and responsibilities as bank clerks. As good conduct and success of any of our number reflect honor upon us all, so also do acts of dishonesty or misconduct come home to us now with peculiar pain. We believe that during the existence of this Association there has been a higher standard of duty and fewer cases of wrong-doing than ever before in a similar length of time.

The courtesy resulting from a more intimate acquaintance has also rendered the business between the several banks more easy of transaction. These results alone ought to render the interests of this body dear to every bank officer, director, stockholder and depositor. In some quarters this appreciation has been most strikingly exhibited, and no doubt the importance of our work will in time commend itself forcibly to all who have an interest in the prosperity of banking institutions.

The Bank Clerks' Beneficial Association of Philadelphia.

We gave in our last an abstract of the sixth annual meeting of this Association, held December 8, 1874. The report of Board of Management states the condition of the Association as follows:

Number of members at last report, 246; elected during the year, 18; total, 264; which was diminished by deaths, 4; expelled for

non-payment of dues, 7; total, 11. Present membership, 253; net gain for the year, 7. The number of honorary members is 18, being a gain of two.

There has been received from dues and assessments, $2,527·50; donation, $500; contributions, $60; honorary members, $100; interest on investments, $243·45; total receipts, $3,430·95.

The payments have been, for funeral benefits, $2,000; for premium on city loan, $76·24; for expenses, $226; total, $2,302·24; showing a net gain of $1,128·71. The balance at last report was $3,962·31; balance on hand at this date, $5,091·02. Amount invested at last report, $3,500; present investment, $5,000; net gain in investment, $1,500.

The total amount paid as funeral benefits since the organization of the Association is $8,000. The total amount received from honorary members and from contributions since organization, $1,915; amount of present investment, $5,000; showing a net gain from dues, assessments and interest, of $3,085.

By an amendment to the constitution, adopted at the last preceding annual meeting, the benefits of the Association are limited to cases of death only.

The Bankers and Bank Clerks' Mutual Benefit Association of the City of Pittsburgh.

We have received a printed copy of the Report of the First Annual Meeting of this Association, which was held on November 6, 1874. A large number of the members, as well as several merchants and bank officers, were present at the meeting, which was addressed by Major A. M. Brown, President of the Anchor Savings Bank; by the Hon. James H. Hopkins, M. C. elect, and by Mr. John R. McCune, President of the Union National Bank.

The objects, advantages, and character of such associations, as well as the difficulties to be encountered in establishing them, are well shown in the Report, as follows:

The Board of Management, in accordance with the Constitution and By-Laws, have now the pleasure of presenting to you and to the public the first annual report of this Society; and on this occasion, it seems proper to state the object and purpose for which we have organized.

In most large cities of our Union, similar associations are in existence, not alone among bankers, but associations for merchants, book-keepers, printers, railroad clerks, expressmen, and among almost all whose close connection in business and labor brings them in sympathy with each other, thereby prompting them to contrive some means by which they can profit socially while in health and prosperity, and on which they can depend for some assistance when misfortune or sickness overtakes them.

To this end several attempts had been made in this city, in the way of establishing an association for bank clerks, but sufficient claim could not be created on the sympathy of bankers and those interested; hence the project was almost despaired of until, early in 1873, the matter was again mentioned, apparently with more interest than before. Nothing definite, however, could be concluded upon, until it was our misfortune to lose from our ranks, by the "hand of death," an associate and fellow bank clerk, one whom we all knew and esteemed, the late Robert A. Arthurs, Teller of the Citizens' National

Bank, among whose last requests while living was, that a place should be reserved at his funeral for his associates in the Pittsburgh Clearing-House. This sad occurrence, more forcibly than ever impressed upon us the necessity of forming ourselves into an association; and, on being suggested by Charles B. McVay, Esq., a meeting was called, and on August 16th, 1873, this Society was organized, and has prospered beyond what was expected.

The objects for which the Association was formed are, to relieve the necessities of the aged and disabled; to benefit families of deceased members; to afford relief in sickness, when necessary; to assist the deserving when in distress; to obtain employment for members who may be out of situations; to create among the members ties of friendship and fraternity; and to extend such other assistance as the Association may from time to time determine.

The Officers consist of a President, Vice-President, a Recording Secretary, Corresponding Secretary, a Treasurer, twelve Directors, and ten Trustees, to be elected annually. The Board of Management consists of the Officers and Directors. The duty of the Trustees is to have charge of the permanent fund, such as donations, and fees from honorary members, and to give counsel to the Board of Managers, when desired.

Any person connected with a Bank, Banking-House, Clearing-House, or United States Depository, may become a member of this Association, on the payment of an initiation fee of five dollars, and fifty cents per month for dues, subject also to an assessment in case of the death of a member, not to exceed two dollars; and any one may become an honorary member on the payment of twenty-five dollars.

The relief afforded in case of sickness is, to defray the necessary expenses of those who may, in the opinion of the Association, be in need of assistance, and to pay the family or legal representative of a deceased member, the sum of five hundred dollars, in thirty days after his death.

A membership in our organization, besides affording relief in case of sickness, or want of employment, carries with it a reliable life assurance. It is needless to state the benefits to the assured of a life policy, in the habits of economy and judicious foresight thereby engendered, or the good results to the family of a member of a life insurance company; for all have heard the theme spoken of so often that it has grown as wearisome as a twice-told tale. Yet so important is the subject, that at least one, if not more, of the prominent banks of this city have presented to each of their employés a policy of insurance.

The year through which we have just passed has been an eventful one, and will long be remembered, as the panic of 1873. It has not only been discouraging to this enterprise, but has been disastrous in financial and business circles; many of our members lost their situations by the failure or mishaps of Banks and Banking Institutions, for all of whom we have endeavored to obtain employment either in banks or business houses.

In all the excitement of the year every one seemed to have plenty of cares, and quite enough to endure, so that very little time was afforded to give the Association any reasonable consideration, and in many cases, the word "No," which is cultivated and used with great ease among bank clerks, was our only greeting, when the matter of joining our Association was presented to them.

The report of the Treasurer is as follows:

Amount received for initiation fees, $375; monthly dues, $440; honorary members, $50; total, $865. Amount paid Charter, and expenses, $161·51; balance in Treasury, $703.49.

The report of the Secretary shows a membership of eighty-two active and three honorary members.

The President, in concluding his report, earnestly urges the officers of banks in that vicinity to induce their various assistants to have their names enrolled among the members of the Association, believing that its influence is to engender increased independence, self-respect, and earnestness in the discharge of their duties.

SPECIAL MESSAGE OF THE PRESIDENT UPON THE NEW FINANCE BILL.

The following message was sent to Congress by the President January 14th: Our comments upon it will be found on page 569.

"Senate bill No. 1044, to provide for the resumption of specie payments," is before me, and this day receives my signature of approval. I venture upon this unusual method of conveying the notice of approval to the house in which the measure originated, because of its great importance to the country at large, and in order to suggest further legislation, which seems to me essential to make this law effectual. It is a subject of congratulation that a measure has become a law which fixes a date when specie resumption shall commence, and implies an obligation on the part of Congress, if in its power, to give such legislation as may prove necessary to redeem this promise. To this end I respectfully call your attention to a few suggestions.

First. The necessity for an increased revenue to carry out the obligation of adding to the sinking fund annually one per cent. of the public debt, amounting now to about $34,000,000 per annum, and to carry out the promises of this measure, to redeem, under certain contingencies, $80,000,000 of the present legal tenders and, without contingency, the fractional currency now in circulation. How to increase the surplus revenue is for Congress to devise; but I will venture to suggest that the duty on tea and coffee might be restored without permanently enhancing the cost to the consumers, and that the ten per cent. reduction of the tariff on the articles specified in the law of June 6, 1872, be repealed. The supply of tea and coffee already on hand in the United States would, in all probability, be advanced in price by adopting this measure. But it is known that the adoption of free entry to these articles of necessity did not cheapen them, but merely added to the profits of the countries producing them, or of the middlemen in those countries, who have the exclusive trade in them.

Second. The first section of the bill under consideration now provides that the fractional currency shall be redeemed in silver coin as rapidly as practicable. There is no provision preventing the fluctuation in the value of the paper currency. With gold at a premium of anything over ten per cent. above the currency in use, it is probable—almost certain—that silver would be bought up for exportation as fast as it was put out, until change would become so scarce as to make the premium on it equal to the premium on gold, or sufficiently high to make it no longer profitable to buy for export, thereby causing a direct loss to the community at large and great embarrassment to trade. As the present law commands final resumption on the first of January, 1879; and as the gold receipts by the Treasury are larger than the gold payments, and the currency receipts less than the currency payments, thereby making monthly sales of gold necessary to meet current currency expenses, it occurs to me that these difficulties might be remedied by authorizing the Secretary of the Treasury to redeem legal-tender notes, whenever presented in sums of not less than $100 and multiples thereof, at a premium for gold of ten per cent., less interest at the rate of 2½ per cent. per annum from the 1st day of January, 1875, to the date of putting this law into operation, and diminishing this premium at the same rate until final resumption, changing the rate of premium demanded from time to time as the [difference of] interest amounts to one-quarter of one per cent. I suggest this rate of interest because it would bring currency at par with gold at the date fixed by law for final resumption. I suggest 10 per cent. as the demand premium at the beginning because I believe this rate would insure the retention of silver in the country for change. The provisions of the third section of the act will prevent combinations being made to exhaust the Treasury of coin. With such a law it is presumable that no gold would be called for not required for legitimate business purposes. When large amounts of coin should be drawn from the

Treasury, correspondingly large amounts of currency would be withdrawn from circulation, thus causing a sufficient stringency in currency to stop the outward flow of coin. The advantages of a currency of a fixed known value would also be reached. In my opinion, by the enactment of such a law, business and industries would revive, and the beginning of prosperity on a firm basis would be reached.

Other means of increasing the revenue than those suggested should probably be devised, and also other legislation. In fact, to carry out the first section of the act another mint becomes a necessity. With the present facilities for coinage, it would take a period probably beyond that fixed by law for final specie resumption, to coin the silver necessary to transact the business of the country. There are now smelting furnaces for extracting the silver and gold from the ores brought from the mountain territories, in Chicago, St. Louis and Omaha, three in the former city; and as much of the change required will be wanted in the Mississippi Valley States, and as the metals to be coined come from the west of those States, and as I understand the charges for transportation of bullion from either of the cities named to the mint in Philadelphia or to New York city amount to four dollars for each thousand dollars' worth, with an equal expense for transportation back, it would seem a fair argument in favor of adopting one or more of these cities as the place or places for the establishment of new coinage facilities.

I have ventured upon this subject with great diffidence, because it is so unusual to approve a measure (as I most heartily do this, even if no further legislation is attainable at this time) and to announce the faet by message; but I do so because I feel that it is a subject of such vital importance to the whole country that it should receive the attention of, and be discussed by, Congress and the people through the press and in every way, to the end that the best and most satisfactory course may be reached of executing what I deem the most beneficial legislation on a most vital question to the interest and prosperity of the nation.

ARE BANKS LIABLE FOR NEGLIGENCE OF AGENTS?

KENTUCKY COURT OF APPEALS.

A question of much importance to bankers has just been decided by Vice-Chancellor Harlan. The suit was brought by a firm who, having placed collections in the hands of the bank, sought to hold it responsible for the amount after the agent to whom the bills were sent for collection had become bankrupt. The Court dismissed the petition, and held that the bank was not liable, on the ground that there was no agreement to collect and no compensation offered or expected.

Weaver & Co. vs. *Louisville Banking Company.*

Opinion by Vice-Chancellor Harlan.

This case is tried by the Court without a jury. It appears that Weaver & Co. were merchandise brokers, and were selling goods South, shipping them on bills of lading to their own order. They drew upon their customers, and were in the habit of selling their drafts, with the bills of lading attached, to the defendant, the Louisville Banking Company, but sometimes put bills in the bank for collection. Their business commenced with the bank in 1870, and continued up to January, 1874, during which period they were regular depositors in their general account. In April or May, 1873, plaintiffs left with the bank two drafts, one on D. Hurtz, of Uniontown, Alabama, for $18, and the other on J. M. Davis & Co., of Randolph, Alabama, for $874. The bank would not buy them, but consented that plaintiffs might check against them and other collections, as had been occasionally done before. If any money was checked against these drafts, it seems to have been done for the temporary accommodation of plaintiffs, as the bank would not buy them, but took them

to be sent on for collection in the way that other bills had been taken for collection. There was no arrangement or agreement with the bank about the collection of these particular bills, nor had there been any general arrangement or agreement on the subject of collections. It went on just so, without any express or implied arrangement; and no charge was ever made for such services. Plaintiff Weaver says that they had no verbal or written agreement with the bank or its officers. The proceeds of bills bought by the bank were immediately put to the credit of the plaintiffs and entered as cash on their deposit books; and as to those sent on for collection, upon reception of the proceeds from their correspondents they were likewise put to plaintiffs' credit, and plaintiffs forthwith notified. When such bills were left with the bank, if plaintiffs had their bank book with them, some clerk of the bank made a memorandum of the bill on a leaf in the back of the book, and if the book was not present plaintiffs made it upon their return to their office. It does not appear to be a regular account, but a simple memorandum to show what had become of the bills.

Plaintiff Weaver says they generally drew their drafts with current rate of exchange on New York, and the bank never charged anything for collections —only what the bank to whom defendant sent the draft charged. He supposes the bank got the money back in exchange on New York, and supposes the bank in this way got something when exchange was at a premium. Plaintiff had no business connection with the collecting agent of defendant, nor did they attempt to select the bank to which any of their drafts should be sent, except in one or two instances, when it was done to gratify a customer, who preferred dealing with a particular bank. Nothing was said or any directions given as to these bills. Plaintiff knew that the bank to whom they were sent was a correspondent of defendant.

As had been done in other instances, the defendant sent them for collection to Ferguson & Co., bankers of good standing at Selma, Alabama, the point nearest to the drawees. Defendant did not have with them or they with the defendant any account. They had done much collecting for defendant, and were selected because of their uniform promptness, in the place of another bank which had not given satisfaction in this regard. The evidence shows that their standing in business and banking circles, and in this community, was good. But after collecting the bills, which were paid on presentation, before remitting the proceeds they were put into bankruptcy, and defendant failed to receive the proceeds.

Whereupon plaintiffs bring this action, in which they seek to make defendant liable for the default of Ferguson & Co.

It will be observed that the plaintiffs did not expect that the defendant would, itself or by its own officers, collect the drafts, but that, of necessity, they must be sent to others; that at the time they were delivered to the bank, plaintiffs knew to whom, in the regular course of business of the bank, the drafts would be sent, and did not indicate any objection; and that defendant exercised reasonable care and prudence in the selection of an agent.

The authorities on the question involved are divided. Those which hold that the bank first receiving the papers for collection is answerable for the conduct of any and all subsequent agents, base their decision upon the old and strict principle of the law of agency—that the first agent is liable for the acts of all the sub-agents employed by him. In New York it has long been settled and affirmed and reaffirmed that the bank receiving the paper from the owner is responsible to him, not only for its own negligence, but for the negligence or default of its agents, notaries public and foreign banks included. The leading case, and the one inaugurating this doctrine and overruling the many decisions of the best Judges of that State, is *Allen* vs. *The Merchants' Bank, New York*, 22 *Wendell*, 225. This case became the ruling authority in that State by thirteen Senators, headed by Senator Verplanck, outvoting nine other Senators led by Chancellor Walworth, and thereby overriding and reversing the unanimous decision of the Supreme Court, composed of Chancellor Walworth, and Green C. Bronson, Samuel Nelson and Esek Cowen, Justices. Ohio has since adopted the same rule. And while these two States have closely adhered to the principle of that decision, it does not seem to have been accepted by the other States, with perhaps one other exception.

Without attempting to collect and classify the authorities in all the States to show the rule prevailing in each, it may safely be assumed to be the accepted doctrine in most of them, that when the nature of the business in which an agent is engaged requires for its proper and reasonable execution the employment of a sub-agent, the principal agent is not responsible for the defaults of the sub-agent, provided a proper sub-agent was selected. A few cases are cited in which this principle is applied to the liability of banks in regard to collections: Bouvier Dict., sub-agent; Wilson *vs.* Smith, 3 How. U. S., 763; Bank of Washington *vs.* Triplet, 1 Peters U. S., 25; Fabius *vs.* Mercantile Bank, 23 Pick., 332; Dorchester and Melton Bank, 1 Cush., 117; Warren Bank *vs.* Suffolk Bank, 10 Cush., 583; East Haddam Bank *vs.* Scovill, 12 Conn., 303; Jackson *vs.* Union Bank, 6 Har. and Johns., 146; Baldwin *vs.* Bank of Louisiana, 1 La. An. Rep., 15; Bank vs. Owens, 5 Cranch C. Ct. 505; Ætna Ins. Co. *vs.* Alton City Bank, 25 Illinois, 243; Stacey *vs.* Dane Co. Bank, 12 Wis., 623; Wingate *vs.* Mechanics' Bank, 10 Penn. St., 104; Bank *vs.* Earp, 4 Rawle, 384. The cases in this direction are numerous, without counting the many well-considered decisions of New York courts prior to the action of the Court of Errors in Allen *vs.* Merch. Bank, *supra.*

The question has never been decided in Kentucky. It is a general rule of law that banks and other corporations, as well as individuals, are liable for the acts or omissions of their general officers and servants in relation to any business intrusted to the corporation or individual to be transacted. But this rule, argues Chancellor Walworth in his dissenting opinion, does not apply to a case where from the nature of the business to be performed it can not be done by any of the ordinary officers or servants of the corporation or individual, but must be intrusted to a sub-agent employed for that special purpose. In the case at hand, from the very nature of the business, the remoteness of the place of performance, and the universal usage in such cases, it was necessary to employ a bank or other agent at Selma, Ala., the nearest commercial point to the residence of the drawees. According to such high authority as we have already quoted, *prima facie* the risk of the neglect of such foreign bank or agent should be upon the owner of the bill who has impliedly authorized the employment of such sub-agent. If the defendant had undertaken the collection of the bill for an agreed compensation, or if it had been in the habit of charging what in such cases was considered an ample compensation for the business, there might be some reason for holding it liable for the negligence or default of its agent. But in this case there was no agreement to collect, no compensation offered or expected, and none ever charged. There was no undertaking to collect, none expressed, nor did any consideration pass or exist between the parties to imply an agreement to collect, with a warrant against all losses. The bank derived some benefit from the custom of plaintiff, and they in turn obtained favors and indulgences by reason thereof from the bank. The benefit which defendant derived from plaintiffs' custom was a sufficient consideration to uphold an express agreement, but not to imply more than an undertaking to promptly transmit the bill in the usual course of such business to a proper person to transact the business. But it would be going too far to convert a gratuity of the bank into an agreement to warrant the plaintiff against loss from the negligence or default of the corresponding banker's agent, which reasonable prudence and skill could not provide against.

The defendant seemed to have acted according to the usage and custom of banks in such matters, omitted no precaution which reasonable prudence demanded—in fact, did as well as the most cautious could have done—promptly transmitted the bills to a bank in good standing, which had in all its previous dealings with defendant acted with promptness and fidelity.

The application of the doctrine of the New York courts, which would hold the bank liable in all cases for the negligence or default of foreign agents, without inquiring whether the bank itself had been negligent or not, in cases like those under consideration, would be harsh and against our sense of justice. The better rule is that which has received the approval of Chancellor Walworth and his eminent associates, and which has prevailed in so many States.

If this view of the law is correct, the plaintiffs are not entitled to the relief sought, and the petition must be dismissed.

FILLING OUT BLANKS IN NEGOTIABLE PAPER.

Kentucky Court of Appeals.

R. H. Woolfolk & Co. vs. *The Bank of America.* From Jefferson Common Pleas Court, Pryor, Judge.

One Robert Atwood applied, August 7, 1872, to R. H. Woolfolk and S. S. Nicholas, to aid him in raising some money. In order to accommodate him, Woolfolk and Nicholas made, in conjunction with Atwood, as they supposed at the time, a bill of exchange for $500, drawn by Nicholas, accepted by Atwood, payable to Woolfolk, and indorsed in blank by the latter. When Nicholas signed the bill, the whole of it was blank except the printed part and the figures $500, and read as follows:

"$500. LOUISVILLE, August 7, 1872.
——— Pay to the order———dollars. Value received. S. S. NICHOLAS."

When Woolfolk indorsed it, it read as follows:

"$500. LOUISVILLE, August 7, 1872.
"Ninety days after date, pay to the order of R. H. Woolfolk, ——— dollars. Value received. Payable at office ———. S. S. NICHOLAS."
"ROBERT ATWOOD, *Louisville, Ky.*"

In this condition the paper was taken possession of by Atwood, and so altered or filled as to make it read as follows:

"$5,000. LOUISVILLE, KY., August, 7, 1872.
"Ninety days after date, pay to the order of R. H. Woolfolk, five thousand dollars. Value received. Payable at office Bank of America, New York.
"ROBERT ATWOOD, *Louisville, Ky.*" "S. S. NICHOLAS."

The bill was thus filled up by Atwood on the day it bears date, and presented to the Bank of America in Louisville [appellee], discounted by that bank, and the proceeds paid over to him. All the writing in the bill, except the signatures of Nicholas and Woolfolk, was in the handwriting of Atwood. The writing and signatures of all three of the parties were well known to the cashier of the bank. The evidence shows that none of the bank officers had any knowledge of the fraud of Atwood, or of his altering the marginal figures. On protest of the paper for non-payment in New York, the bank instituted this action in the lower Court against all three of the parties. Nicholas and Woolfolk made a special plea of *non est factum*, claiming that the bill was so fraudulently altered or filled without their knowledge or consent, and that they are thereby released from liability, &c. The Court below deciding for the bank, appellants have presented this appeal, seeking a reversal of this decision. But this Court holds said decision to have been correct. The face of the paper, when presented at the bank, bore no suspicious signs of fraud. With the face of the bill correct, the bank would not be responsible for even gross negligence as to inquiring after outside facts. This is a case of *filling out blanks left to be filled.* A different rule would apply where material *alterations* had been made in a bill *already filled.* In this case no evidence appears on the face of the bill to warn the purchaser of any *change* or *alteration* having been fraudulently made as to any part of it. The *amount* called for by the bill is governed by that *written* in the *body* of it, and not by the marginal figures. No alteration was made as to the *written* amount in the body of the bill, or as to any other material part of the paper. Justice demands that Nicholas and Woolfolk, who *trusted* to Atwood's honesty in filling out the paper, should rather lose than an innocent party who purchased said paper on the credit of all the names thereto, and on the *unaltered* appearance of all the material parts thereof. Affirmed.

LIABILITIES OF FORTY-EIGHT NATIONAL BANKS

IN THE CITY OF NEW YORK.

From the Official Reports, December, 1874, with the date of Original Charter of each.

Charter.	Name.	Capital.	Net Profits.	Circulation.	Due Banks.	Deposits.	Dividends.	Total Liabilities.	Dividends Payable.
1784.	Bank of N. York, N.B.A.	$3,000,000	$1,235,900	$463,000	$1,322,200	$6,531,800	$3,000	$12,555,900	Jan. & July.
1803.	Merchants' Nat. Bank.	3,000,000	1,039,900	749,500	2,756,100	7,283,200	122,700	14,951,400	Do.
1809.	Mechanics' Nat. Bank.	2,000,000	979,800	513,200	1,495,500	3,527,200	102,000	8,617,700	Do.
1811.	Union National Bank.	1,500,000	988,400	270,000	469,100	2,699,000	2,800	5,929,300	May & Nov.
1813.	Phœnix National Bank.	1,800,000	301,800	471,200	519,300	2,963,300	2,600	6,058,200	Jan. & July.
1812.	National City Bank....	1,000,000	1,544,300		686,800	6,948,300	2,400	10,181,800	May & Nov.
1823.	Tradesmen's Nat. B'k.	1,000,000	526,300	736,000	480,800	1,789,600	51,200	4,583,900	Jan. & July.
1824.	Fulton National Bank.	600,000	554,600	8,600	13,000	1,664,500	2,000	2,242,700	May & Nov.
1824.	Chemical Nat. Bank...	300,000	3,177,600	11,200	683,600	7,204,500	76,200	11,453,100	Bimonthly.
1831.	Merchants' Ex. N. B'k.	1,000,000	310,700	441,400	2,140,400	1,785,300	43,200	5,721,000	Jan. & July.
1831.	Gallatin National B'k..	1,500,000	725,800	493,800	318,800	1,800,200	2,400	4,841,000	April & Oct.
1831.	N. Butchers & Ds' B'k.	800,000	316,000	232,500	116,700	1,596,200	2,400	3,063,800	Jan. & July.
1830.	Mec. & Traders' N. B.	600,000	367,600	194,500	274,100	1,011,200	900	2,448,300	May & Nov.
1832.	Leather Man. Nat. B'k.	600,000	705,600	252,400	935,700	1,866,700	400	4,360,800	Jan. & July.
1833.	Seventh Ward Nat. B'k.	300,000	39,500	165,500	900	953,900	9,200	1,469,000	Do.
1836.	N. B. of State of N. Y.	2,000,000	580,500	477,800	731,300	3,044,200	11,600	6,845,400	May & Nov.
1838.	American Ex. Nat. B'k.	5,000,000	1,471,900	847,800	2,416,000	6,482,800	15,400	16,233,900	Do.
1839.	Nat. B'k of Commerce.	10,000,000	3,652,400	2,618,700	2,624,200	7,494,200	14,200	26,403,700	Jan. & July.
1849.	Nat. Broadway Bank..	1,000,000	1,964,400	897,700	246,700	3,465,900	121,100	7,695,800	Do.
1850.	Mercantile Nat. Bank..	1,000,000	326,800	458,700	1,890,400	1,051,200	300	4,727,400	Do.
1851.	Nat. Bank of the Rep.	2,000,000	445,400	811,700	2,130,800	2,606,800	9,700	8,004,400	Feb. & Aug.
1851.	Chatham Nat. Bank...	450,000	244,800	127,600	488,900	3,234,500	22,800	4,568,600	Jan. & July.
1851.	Hanover Nat. Bank...	1,000,000	61,700	299,800	1,662,300	1,861,100	300	4,885,200	Do.
1851.	Irving National Bank.	500,000	158,100	182,600	504,800	2,421,400	25,800	3,792,700	Do.
1851.	Metropolitan Nat. B'k.	4,000,000	2,052,600	1,154,900	5,571,000	5,016,800	203,700	17,999,000	Do.
1851.	National Citizens' B'k.	600,000	244,800	138,600	41,700	1,596,700	30,600	2,652,400	Do.

1852.	Market National Bank.	1,000,000	450,000	225,000	354,900	1,726,500	51,400	3,807,800	Do.
1852.	St. Nicholas Nat. Bank.	1,000,000	189,800	721,000	65,600	1,635,500	1,500	3,613,400	Feb. & Aug.
1852.	Nat. Shoe & Leath. B'k.	1,000,000	662,600	796,700	1,712,300	1,682,600	64,500	5,918,700	Jan. & July.
1853.	Continental Nat. Bank.	1,500,000	340,200	570,300	998,700	1,198,200	9,100	4,616,500	Do.
1853.	Marine National Bank.	400,000	205,900	325,100	191,300	2,672,200	19,900	3,814,400	Do.
1855.	Imp. & Traders' N. B.	1,500,000	1,531,400	479,400	11,725,600	5,436,400	107,300	20,780,100	Do.
1856.	National Park Bank...	2,000,000	1,441,700	877,100	8,596,400	7,834,900	116,300	20,866,400	Do.
1838.	Nat. Mecs'. Bank'g Ass.	500,000	97,400	303,900	73,800	768,500	2,500	1,746,100	May & Nov.
1852.	East River Nat. Bank.	350,000	144,700	198,000		668,200	12,600	1,373,500	Jan. & July.
1864.	Fourth National Bank.	5,000,000	1,147,500	2,896,500	10,563,000	7,377,600	209,600	27,194,200	Do.
1864.	Central National Bank.	2,000,000	374,200	1,428,200	3,464,000	2,406,300	84,800	9,757,500	Do.
1863.	Second National Bank.	300,000	320,600	268,100	15,600	1,408,800	21,000	2,334,100	Do.
1864.	Ninth National Bank..	1,500,000	220,500	586,900	4,891,500	3,416,400	51,400	10,006,700	Do.
1863.	First National Bank...	500,000	545,900	297,700	6,458,000	1,449,400	200	9,251,200	Do.
1863.	Third National Bank..	1,000,000	251,000	49,400	5,090,900	628,100	40,400	7,059,800	Do.
1851.	N. Y. Nat. Ex. Bank..	500,000	61,900	269,700	225,100	822,900		1,879,600	Do.
1864.	Tenth National Bank..	1,000,000	87,700	859,800	84,600	809,900	3,700	2,845,700	Do.
1865.	Bowery National Bank.	250,000	255,500	208,900		843,000	15,100	1,572,500	Do.
1855.	N. Y. County Nat. B'k.	200,000	318,800	171,900		950,300	700	1,641,700	Do.
1864.	Fifth National Bank...	150,000	98,600	105,500	216,500	535,100	200	1,105,900	Do.
1864.	Sixth National Bank...	200,000	59,700	191,500		541,300		992,500	Do.
1864.	Nat. Currency Bank...	100,000	25,100	90,000	165,000	71,700		451,800	June & Dec.
	Totals, December, 1874	$68,500,000	$32,847,900	$24,939,300	$85,413,900	$132,184,300	$1,691,100	$345,576,500	
	" October, 1874..	68,500,000	32,704,800	25,462,400	87,176,900	130,951,400	246,300	345,041,800	
	" October, 1873..	70,235,000	32,149,900	27,628,200	82,405,900	108,017,300	205,500	320,641,800	
	" October, 1872..	71,285,000	30,741,900	28,260,400	65,724,600	108,541,200	261,400	304,814,500	
	" June, 1872.....	71,783,500	30,560,900	28,475,700	87,508,400	129,875,900	164,100	348,368,500	
	" February, 1872,	71,785,000	28,204,300	29,115,300	80,400,300	119,675,700	208,800	329,389,400	
	" February, 1871,	71,785,000	29,012,200	29,585,700	74,237,600	125,752,300	159,900	330,532,700	

RESOURCES OF FORTY-EIGHT NATIONAL BANKS

IN THE CITY OF NEW YORK.

From the Official Quarterly Reports, December, 1874.

Name.	*Loans and Discounts.*	*Stocks, Bonds, and Mortgages.*	*Real Estate.*	*Due from Banks.*	*Cash Items and Bank Notes.*	*Specie.*	*Legal Tenders.*	*Over-Drafts.*
Bank of N. Y. Nat. Banking Ass'n..	$ 7,824,500	$ 606,600	$250,000	$ 408,900	$238,100	$ 2,611,900	$ 615,600	$ 300
Merchants' National Bank..........	9,303,200	1,342,600	206,000	307,800	541,400	1,784,800	1,428,000	37,600
Mechanics' National Bank..........	5,979,700	687,600	175,000	387,700	68,800	306,400	1,011,900	600
Union National Bank..........	3,987,400	861,300	150,000	53,000	18,000	223,700	635,500	400
Phenix National Bank..............	3,960,700	637,300	283,000	362,000	136,500	519,300	158,600	800
National City Bank................	6,579,400	50,000	202,200	504,000	360,400	1,182,000	1,303,400	400
Tradesmen's National Bank........	2,443,800	1,113,700	203,600	259,600	75,400	105,900	381,900	——
Fulton National Bank	1,562,700	100,000	45,000	107,500	27,500	175,900	223,800	300
Chemical National Bank............	6,794,000	1,087,700	178,200	761,800	278,300	375,400	1,974,100	3,600
Merchants' Exchange National Bank.	3,191,100	610,000	243,700	415,700	108,900	60,000	1,077,500	14,100
Gallatin National Bank	3,391,200	696,800	90,000	63,100	4,000	277,800	317,900	200
National Butchers and Drovers' Bank	1,706,000	681,000	84,300	113,800	62,600	35,500	379,500	1,100
Mechanics and Traders' Nat. Bank..	1,511,600	400,400	58,500	41,400	42,000	15,200	374,900	4,300
Leather Manuf. National Bank......	2,377,600	634,500	264,700	95,000	109,700	502,600	376,500	200
Seventh Ward National Bank	811,400	230,900	61,000	67,500	24,200	21,900	252,100	——
National Bank of the State of N. Y..	4,170,800	852,500	182,400	260,000	69,000	548,600	757,000	5,100
American Exchange National Bank..	9,898,100	1,410,000	330,400	797,700	336,000	586,700	2,873,000	2,000
National Bank of Commerce........	13,170,200	7,396,300	500,000	637,000	266,000	764,600	3,669,600	——
National Broadway Bank...........	4,442,000	1,720,400	175,000	401,800	175,800	77,500	702,600	700
Mercantile National Bank..........	2,711,000	784,300	102,200	101,300	79,900	96,400	848,400	3,900
National Bank of the Republic......	3,971,800	1,088,000	307,800	714,700	405,600	969,900	543,900	2,700
Chatham National Bank............	3,206,400	166,000	74,200	365,800	57,500	149,200	546,000	3,500
Hanover National Bank............	3,200,700	335,000	——	308,400	93,900	122,600	824,500	100
Irving National Bank..............	2,130,700	390,100	100,000	377,700	45,000	30,600	718,400	200
Metropolitan National Bank........	11,342,100	1,403,500	320,000	1,870,900	486,600	203,900	2,366,600	5,400

National Citizens' Bank	1,518,400	269,000	126,100	263,200	82,700	20,300	372,300	400
Market National Bank	2,498,000	377,200	100,000	294,600	70,700	51,700	415,300	300
St. Nicholas National Bank	1,749,900	1,031,200	110,000	81,900	66,600	100,600	463,400	9,800
National Shoe and Leather Bank	3,233,800	1,035,400	175,000	393,400	286,400	77,000	682,800	4,900
Continental National Bank	2,447,000	791,400	580,000	285,900	14,700	75,000	417,000	5,500
Marine National Bank	1,936,300	630,700	200,900	159,700	88,700	133,300	664,800	—
Importers & Traders' National Bank	15,007,600	570,200	203,300	684,500	230,200	544,700	3,536,700	2,900
National Park Bank	12,096,600	1,821,000	1,156,400	1,495,400	163,400	929,800	3,198,100	5,700
National Mechanics' Banking Assoc'n	1,084,600	401,000	22,600	40,000	7,600	34,100	155,300	900
East River National Bank	730,500	241,400	106,400	79,100	19,100	29,200	166,800	1,000
Fourth National Bank	17,297,900	3,826,900	653,600	1,086,900	261,000	672,100	3,374,000	21,800
Central National Bank	5,218,600	2,285,000	325,100	367,400	81,400	68,600	1,411,400	—
Second National Bank	1,476,400	350,000	—	50,800	75,800	—	377,100	4,000
Ninth National Bank	5,800,900	937,000	503,300	1,233,900	1,000	284,700	1,901,500	4,400
First National Bank	3,535,400	3,426,700	18,500	732,400	102,800	402,000	1,001,400	32,000
Third National Bank	2,183,000	2,640,300	—	254,900	14,600	326,900	1,639,300	800
New York National Exchange Bank	1,063,600	335,000	92,200	125,800	66,300	14,200	179,700	2,800
Tenth National Bank	962,300	1,387,000	12,600	152,000	29,500	109,000	188,700	4,600
Bowery National Bank	909,800	265,300	5,000	81,800	58,200	3,900	248,400	100
New York County National Bank	723,400	399,200	14,200	46,700	56,200	150,000	252,000	—
Fifth National Bank	602,300	132,900	55,100	94,800	22,800	11,600	186,300	100
Sixth National Bank	381,800	383,600	—	51,900	14,600	—	160,200	400
National Currency Bank	69,600	242,900	*2,000	14,400	16,300	66,600	40,000	—
Totals, December, 1874	$202,225,800	$ 49,066,800	$ 9,049,500	$ 17,855,500	$ 5,941,700	$ 15,853,600	$ 45,393,700	$ 189,900
" October, 1874	201,766,900	47,544,900	8,722,300	13,758,200	4,534,900	14,394,100	54,138,700	181,800
" October, 1873	199,174,400	43,173,100	8,421,200	17,817,700	4,369,700	14,594,300	32,617,000	474,400
" October, 1872	183,285,800	44,929,500	7,984,500	16,448,700	6,351,600	6,376,000	39,213,100	225,300
" June, 1872	198,582,300	49,703,200	7,948,900	16,398,300	5,467,800	19,412,800	50,736,600	118,600
" February, 1872	192,865,100	50,854,800	7,931,700	15,798,500	4,304,000	16,948,400	40,548,100	138,800
" December, 1871	187,133,800	50,225,700	7,650,800	19,478,500	3,986,900	23,065,200	38,873,700	118,100

LIABILITIES OF TWENTY-SIX STATE BANKS OF THE CITY OF NEW YORK,

31st December, 1874, as shown by their Official Quarterly Statements, with date of Charter of each.

Commenced.	Name.	Capital.	Net Profits.	Circulation.	Due Banks.	Due Depositors.	Dividends Payable.	Unpaid Dividends.	Totals.
1799.	Manhattan Company	$ 2,050,000	$ 1,176,300	$ 9,700	$ 328,500	$ 4,345,700	Feb. & Aug.	—	$ 7,910,200
1812.	Bank of America	3,000,000	2,136,300	1,200	1,319,300	4,927,200	Jan. & July	$ 51,900	11,435,900
1830.	Greenwich Bank	200,000	206,300	2,700	11,900	769,600	May & Nov.	800	1,191,300
1850.	Pacific Bank	422,700	376,400	—	—	2,070,500	Do.	800	2,870,400
1851.	People's Bank	412,500	237,500	5,500	49,700	1,065,200	Jan. & July	200	1,770,600
1851.	Bank of North America	1,000,000	188,000	—	478,100	1,623,900	Do.	500	3,290,500
1852.	Nassau Bank	1,000,000	120,500	3,900	103,400	1,776,900	May & Nov.	1,900	3,006,600
1853.	Corn Exchange Bank	1,000,000	637,200	5,000	67,900	1,394,800	Feb. & Aug.	600	3,105,500
1853.	Oriental Bank	300,000	348,600	4,000	—	1,137,000	Jan. & July	500	1,790,100
1851.	Grocers' Bank	300,000	87,300	—	9,100	605,500	Do.	100	1,002,000
1821.	North River Bank	400,000	33,800	—	200,200	934,500	Do.	100	1,568,600
1859.	Man. & Merchants' Bank	300,000	77,000	—	22,200	544,400	Do.	—	943,600
1870.	German-American Bank	2,000,000	128,900	—	781,200	3,627,200	Feb. & Aug.	400	6,537,700
1870.	Dry Goods Bank	1,000,000	74,700	—	278,600	1,503,300	Jan. & July	600	2,857,200
1854.	Bull's Head Bank	300,000	28,900	6,000	—	555,500	Do.	400	890,800
1869.	West Side Bank	200,000	55,700	—	—	1,026,800	—	—	1,282,500
1867.	Eleventh Ward Bank	200,000	22,800	—	—	641,800	Jan. & July	200	864,800
1869.	Germania Bank	200,000	72,300	—	—	850,900	—	—	1,123,200
1869.	Man. & Builders' Bank	450,000	44,000	—	—	715,300	—	200	1,209,000
1869.	Harlem Bank	100,000	18,300	—	35,200	285,100	—	1,100	439,700
1866.	Gold Exchange Bank	500,000	80,900	—	—	—	—	—	580,900
1870.	Murray Hill Bank	200,000	24,800	—	40,000	434,500	—	500	699,800
1871.	Bank of the Metropolis	500,000	55,500	—	344,200	1,426,800	—	700	2,327,200
1870.	Ninth Ward Bank	180,900	—	—	1,400	208,600	—	—	390,900
1872.	Produce Bank	250,000	7,300	—	—	429,200	—	1,100	687,600
1871.	German Exchange Bank	200,000	30,600	—	81,700	834,200	—	—	1,146,500
	Totals, December 26, 1874.	$ 16,666,100	$ 6,269,900	$ 38,000	$ 4,152,600	$ 33,734,400		$ 62,600	$ 60,923,600
	" September 26, 1874.	16,622,100	5,906,700	37,900	5,080,700	38,786,800		115,000	66,549,200

RESOURCES OF TWENTY-SIX STATE BANKS OF THE CITY OF NEW YORK,

As shown by their Official Quarterly Statements, December 31, 1874.

Name.	Loans & Discounts.	Stocks, Bonds, & Mortgages.	Real Estate.	Due from Banks.	Cash Items & Bank Notes.	Specie.	Legal Tenders.	Over-Drafts.
Manhattan Company	$ 5,925,500	$ 25,000	$304,800	$ 680,600	—	$ 434,400	$ 538,700	$ 1,200
Bank of America	8,613,300	303,300	156,600	321,100	$3,200	1,132,200	906,000	200
Greenwich Bank	1,026,200	47,600	16,000	73,200	—	—	28,300	—
Pacific Bank	2,011,900	5,000	100,900	62,600	—	15,100	674,900	—
People's Bank	1,334,900	111,200	65,200	125,400	—	9,700	124,200	—
Bank of North America	2,590,200	41,200	200,000	114,400	—	146,900	197,800	—
Nassau Bank	2,397,200	4,000	220,000	197,100	—	17,300	171,000	—
Corn Exchange Bank	2,336,700	256,400	110,300	85,000	—	51,600	265,300	200
Oriental Bank	1,484,400	64,500	57,000	54,100	—	6,000	123,800	300
Grocers' Bank	769,200	5,000	25,700	62,200	—	2,100	137,700	100
North River Bank	1,096,700	5,300	98,200	169,400	—	16,300	176,000	6,700
Manufacturers & Merchants' Bank	607,200	95,000	6,000	39,800	—	800	194,400	400
German-American Bank	4,985,300	5,000	4,400	385,300	—	276,500	880,700	500
Dry Goods Bank	2,203,800	7,800	*10,000	262,200	29,700	32,600	305,900	5,200
Bull's Head Bank	599,900	55,000	120,000	44,300	—	—	70,100	1,500
West Side Bank	910,900	55,700	5,500	220,200	—	—	90,200	—
Eleventh Ward Bank	688,900	29,800	40,500	15,300	20,700	—	69,000	600
Germania Bank	878,700	10,500	5,800	173,600	—	1,700	52,800	100
Manufacturers & Builders' Bank	835,500	171,100	23,600	110,500	—	—	67,800	1,000
Harlem Bank	358,500	35,400	19,900	—	15,400	—	10,400	100
Gold Exchange Bank	518,100	30,700	—	32,100	—	—	—	—
Murray Hill Bank	524,100	38,000	*4,200	114,600	3,500	—	15,400	—
Bank of the Metropolis	2,151,100	5,000	*16,200	102,900	—	—	50,000	2,000
Ninth Ward Bank	292,700	5,700	17,300	53,700	7,900	—	11,200	2,400
Produce Bank	583,500	5,400	*7,600	12,700	—	—	78,400	—
German Exchange Bank	775,400	5,000	24,500	105,300	600	2,000	233,700	—
Totals December 26, 1874	$46,499,800	$1,423,600	$ 1,660,200	$ 3,617,600	$ 81,000	$ 2,145,200	$ 5,473,700	$ 22,500
Totals, September 26, 1874	44,283,800	1,927,800	1,620,600	3,851,200	104,300	1,819,400	12,912,900	29,200

* Furniture and fixtures.

NATIONAL BANKS OF THE CITY OF NEW YORK.

Abstract of Reports

Made to the Comptroller of the Currency, showing the condition of the National banks of the City of New York, at the close of business, September 12, 1873, May 1, 1874, and December 31, 1874.

LIABILITIES.	*Sept. 12, '73.* 48 *Banks.*	*May 1, '74.* 48 *Banks.*	*Dec. 31, '74.* 48 *Banks.*
Capital stock	$70,235,000	$68,500,000 00	$68,500,000 00
Surplus fund	21,923,211	22,438,473 09	22,730,893 67
Undivided profits	11,210,470	12,260,639 53	10,746,621 30
National Bank notes outstanding	27,482,342	27,211,105 00	24,846,251 00
State Bank notes outstanding	146,525	115,706 00	93,582 00
Dividends unpaid	205,979	622,481 83	1,691,341 89
Individual deposits	167,512,662	193,088,433 71	214,511,075 37
U. S. Deposits	296,877	473,365 29	612,206 47
Deposits of U. S. Disb'g Officers	40,297	16,684 80	30,674 26
Due to National Banks	72,257,769	75,526,263 82	65,898,750 15
Due to State Banks and Bankers	18,113,050	24,991,493 84	26,599,306 18
Bills payable	62,125	799,595 00	1,500,000 00
Aggregates	$389,486,310	$426,044,241 91	$437,760,702 29
RESOURCES.			
Loans and discounts	$199,160,887	$205,693,294 27	$202,226,235 72
Overdrafts	182,459	360,993 61	432,505 60
U. S. Bonds to secure circulation	33,870,100	33,823,100 00	30,899,100 00
U. S. Bonds to secure deposits	650,000	650,000 00	650,000 00
U. S. Bonds on hand	3,332,400	4,813,750 00	8,516,200 00
Stocks, bonds and mortgages	4,552,797	5,148,259 18	7,111,669 80
From other National Banks	15,740,765	11,964,530 78	16,066,199 53
From State Banks and Bankers	2,077,286	2,473,247 32	1,789,263 68
Real estate, furniture, &c	8,469,984	8,498,426 37	9,048,931 35
Current expenses	905,622	1,130,901 87	623,955 39
Premiums paid	766,179	1,608,936 61	1,564,512 53
Checks and other cash items	2,058,769	2,278,295 22	2,807,459 09
Exchanges for Clearing-House	67,897,740	72,649,937 42	91,554,125 13
Bills of other National Banks	2,617,506	3,361,081 00	3,120,830 00
Bills of State Banks	1,077	1,241 00	832 00
Fractional currency	338,394	274,284 16	278,387 05
Specie	14,585,810	24,984,942 10	15,854,155 42
Legal-tender notes	21,468,530	20,199,021 00	20,894,399 00
U. S. certificates of deposit	10,810,000	26,130,000 00	22,490,000 00
Five per cent. redemption fund	....	....	1,355,063 00
Due from U. S. Treasurer, other than preceding	....	....	476,878 00
Aggregates	$389,486,310	$426,044,241 91	$437,760,702 29

For detailed report of each of the banks of New York City, see page 634.

BANKING AND FINANCIAL ITEMS.

THE BANKER'S ALMANAC AND REGISTER for 1875 is now ready, and will be forwarded to order. A prospectus, indicating the principal contents of the work, will be found in the advertising sheet of this number.

Information of any new banks, bankers or changes, as well as any corrections to be made, should be sent to this office for the second edition, to be issued in March. Orders for the CARDS of Banks and Bankers will be received until March 1st.

CLEARING-HOUSES IN THE UNITED STATES.—In preparing, at a late day, for the BANKER'S ALMANAC AND REGISTER, a list of the Clearing-House Associations in the United States, much difficulty was found from the absence of any connection or correspondence between the several associations. No one of them could furnish the names of all the others, and the existence of even so important an one as that of Pittsburgh was only learned when too late for its publication. In addition to those named in the list below, we are informed that one is in contemplation at St. Paul, Minnesota.

	President.	*Manager.*
New York	Charles F. Hunter	William A. Camp.
Baltimore		Robert Mickle.
Boston	James H. Beal	Henry B. Groves.
Chicago	Sol. A. Smith	Douglass R. Hale.
Cincinnati	Theo. Cook	George P. Bassett.
Milwaukee	D. Ferguson	T. L. Baker.
New Orleans	John G. Gaines	Isaac N. Maynard.
Philadelphia	Joseph Patterson	George E. Arnold.
St. Louis	Charles Parsons	Edward Chase.
Pittsburgh	John Harper	John Stewart.

We propose to give in our next number some account of the system so far as developed, the different methods of settlement adopted, etc. Information of the formation of any additional associations is meanwhile solicited.

NATIONAL BANKS AND CIRCULATION.—Since the passage of the act of January 14th, the Comptroller of the Currency has received applications for the organization of National Banks as follows, the amounts stated being the capital: In New York, one bank, $1,000,000; Connecticut, two, $200,000; Maine, two, $150,000; New Jersey, one, $100,000; Kentucky, one, $100,000; Massachusetts, two, $200,000; Pennsylvania, eight, $850,000; Illinois, one, $50,000. Applications have been received for an increase of capital from one bank in Connecticut $200,000; one in Massachusetts, $200,000, and three in Pennsylvania, $310,000. Total aggregate increase, $3,360,000.

Since the date of the passage of the act mentioned, legal tenders have been deposited for the purpose of reducing circulation, by two banks in New York State, $173,000, and one bank in Illinois, $59,000. Total, $232,000.

DESTRUCTION OF PAPER CURRENCY.—On the night of January 7th, a collision on the Baltimore and Potomac Railroad was followed by the burning of several cars. Many important packages and letters from the different executive departments were sent on that train. More than a thousand official circulars, sent out by the Comptroller of the Currency, calling for reports from National Banks, were burned. There were destroyed $400,000 in new National Bank notes, sent from the Comptroller's office, and an amount of legal tenders and fractional currency shipped from the Treasurer's office which will approximate $300,000.

NATIONAL BANKS.—*Provisions of the Recent Act—Information Relative to the Issue of Notes.*—The Comptroller of the Currency is receiving many letters of inquiry in reference to the organization of National Banks under the act of January 14, 1875. The limit to the aggregate amount of National Bank notes having been removed by the recent act, National Banks may now be organized in any State of the Union. The proportion of the circulation which may be issued by banks organized previous to January 12, 1870, is as follows: Banks having a capital not exceeding $500,000, ninety per cent. of such capital; banks having a capital of from $500,000 to $1,000,000, eighty per cent.; banks having a capital of from $1,000,000 to $3,000,000, seventy-five per cent., and those of more than $3,000,000, sixty per cent. of such capital. The circulation of National Banks organized subsequent to July 12, 1870, is limited to $500,000 by an act of that date, which provides that no banking association thereafter organized shall have a circulation in excess of $500,000.

The following is the official schedule of the securities which are considered as bonds within the meaning of the Act of June 3, 1864, "to provide a national currency, secured by a pledge of United States bonds, and to provide for the redemption and circulation thereof."

Title.	*Date of Act.*	*Principal payable.*
Loan of 1853	June 14, 1858.	Jan. 1, 1874.
Loan of Feb., 1861, (1881's)	Feb. 8, 1861.	Jan. 1, 1881.
Oregon War Debt	March 2, 1861.	July 1, 1881.
Loan of July and August, 1861, (1881's)	July 17 and Aug. 5, 1861.	July 1, 1881.
5-20's of 1862	Feb. 25, 1862.	May 1, 1882.
Loan of 1863, (1881's	March 3, 1863.	July 1, 1881.
10-40's of 1864	March 3, 1864.	March 1, 1904.
5-20's of March, 1864	March 3, 1864.	Nov. 1, 1884.
5-20's of June, 1864	June 30, 1864.	Nov. 1, 1884.
5-20's of 1865	March 3, 1865.	Nov. 1, 1885.
Consols of 1865	March 3, 1865.	July 1, 1885.
Consols of 1867	March 3, 1865.	July 1, 1887.
Consols of 1868	March 3, 1865.	July 1, 1888.
Funded Loan of 1881	July 14, 1870. Jan. 20, '71.	May 1, 1881.

PROTECTION AGAINST BURGLARS.—The alarming number of recent bank robberies, and the modus operandi of their daring perpetrators, has stimulated our inventors to frustrate these outrages. "Hardy's Detachable Indicator" is claimed to be an effectual bar to the opening of combination locks, by any but fully authorized persons. It is a dial, divisible into three pieces, which must be re-united before the lock can be opened. This invention is explained at some length on the third page of the cover of this number.

BANK SAFES.—Messrs. Terwilliger & Co., No. 100 Maiden Lane, call attention to their facilities for first-class work in this line. Their card will be found at the end of this number.

THE FREEDMAN'S SAVINGS AND TRUST CO.—The Committee on Banking and Currency has reported to the House a bill for the settlement of the affairs of this Company, which amends the present law by reducing the number of Commissioners from three to one, who is to give his whole time to the work and to have a salary of $5,000, thus saving $4,000 a year. He is given authority to sell property and to compound debts, in order that the speediest possible relief may be afforded depositors. He is directed to employ a competent attorney to examine all affairs of the bank, and to prepare and enter suits, both civil and criminal, against all officers, directors and trustees, who are legally responsible for the misuse of the funds of the bank. The Sub-Committee rejected all applications to recommend a direct appropriation by Congress for the benefit of depositors, but, in place of this, adopted a proposition which will afford effective aid. A bill has been drawn authorizing the purchase, by the Government, of the bank building at Washington, which the Attorney-General's office now rents. This purchase, together with the cash on hand, would make the payment of the dividend of 20 per cent. possible at once.

GEORGIA.—A law passed in Georgia after the war enabled commission merchants to take out a lien upon farmers' crops for loans advanced. The farmers vigorously and successfully clamored for a repeal of the law. They now seek its re-adoption, finding that without it they cannot get any advance money from the merchants with which to pay their hands.

THE RIGHTS OF BILL-HOLDERS.—In the cases brought by certain bill-holders against the Mechanics' Bank of Augusta, and its stockholders, the Supreme Court of Georgia decided, December 30th, that the bill-holders are entitled to recover. The decision is placed upon the grounds: First, that the charter of the bank when accepted became a contract between the stockholders and the State; second, that the defendants fail to allege in their pleas that the contract was in aid of the rebellion; third, that the seventeenth section of the fifth article, paragraph 2, of the Constitution of Georgia of 1868, is void as to contracts made prior to its date, because it impairs the obligation of contracts, and sets up a defense which did not exist when this contract was made.

BANKS ACTING AS BROKERS.—The Circuit Court sitting at Hagerstown, Md., has recently decided in favor of the defendant, a suit brought by Mrs. Susan Wechler against the First National Bank of Hagerstown, to recover damages for deceit. The declaration alleged that by the false representations of the teller of the bank the plaintiff was induced to receive two $500 Northern Pacific Railroad Company's bonds in part payment for a draft of $1,047 on New York, which she had taken to the bank to have collected. Exceptions were reserved by the counsel for the plaintiff, and the case will go to the Court of Appeals. A correspondent of the Baltimore *Sun* states that:

"It appeared from the evidence that the teller and other officers of the bank had been engaged in selling Pacific bonds, and received 2½ per cent. commission, which was placed in the cash drawer of the bank; and also that the teller recommended the purchase of the bonds to plaintiff, but he denied having made the false representations which she alleged had induced her to purchase; also, that there was a placard up in the bank announcing that the bank was selling such bonds. The Court instructed the jury 'that the National Bank Act, under which the bank had been organized, limited its action to the pursuit of the objects specified in that act, and that the purchase and sale of such bonds was not within its chartered powers, and although they might find from the evidence that John D. Newcomer, the bank's teller, fraudulently induced the plaintiff to purchase the bonds by representing to her that they were a good investment, or that the bank would take them back if she got tired of them, at the price she paid for them, or by fraudulently representing to her that Dr. Smith had purchased $10,000 of them as a good and safe investment, and that she was induced by these representations to purchase them, and was thereby damnified, still she could not recover in this action against the bank.'"

UNSTAMPED CHECKS.—The *Chicago Tribune*, of January 15th, thus speaks of an examination to which the Chicago Banks have been recently subjected: The special agent of the Internal Revenue Department, who is looking for unstamped checks, continues his search among the banks in this city. He has been very successful, finding in the vaults of one bank enough unstamped checks to break it, if the penalty of $50 each were enforced. The President of another bank, which had been very scrupulous in rejecting unstamped checks, questioned the right of the detective to search his vouchers, but had to yield before the unmistakable provisions of the law, which give the agents of the Internal Revenue Department the right of search. The sole duty of the detective is to forward the results of his examination to Washington. We are informed that he has been instructed to examine the vaults of all the banks in the State, and report. What course the Internal Revenue Department will pursue toward the delinquent banks is not known.

Chicago Clearing-House.—The credit clearings through this office for the year 1874 were $1,101,347,918. For the year 1873, $1,047,027,828.

THE CHICAGO NATIONAL BANKS.—The National Banks of this city have all made public the statements of their condition on the 31st of December, 1874, in compliance with the recent call of the Comptroller of the Currency. Since the last exhibit, October 2, 1874, there has been an increase of loans of $1,040,000, and a decrease of deposits of $3,500,000. The latter, of course, is largely due to the shipments of currency to the country for hogs and grain. The individual statements of the banks will corroborate this evidence of an increased activity in business. The percentage of cash means to deposits is 50 per cent., 7 per cent. less than at the time of the last statement. Even this is a large percentage, and, though favorable, shows a condition too strong to be very profitable. As an average, 33 per cent. is considered abundant. One of the banks holds 82 per cent., and the lowest held is 39 per cent. Since October 2d the circulation has fallen from $4,864,845 to $4,790,720, or $74,125; of this, $15,000 is due to the disappearance of the Mechanics' National Bank, which has gone into voluntary liquidation. A further comparison will show that the circulation has been steadily decreasing for some time. On February 28, 1873, the circulation of our banks was $6,925,535. This is a loss in two years of $2,134,815. These facts have a significance which should not be lost upon the politicians who think the West is clamoring for more currency.

Unlike the Savings Banks, the National Banks have more than regained the position they occupied before the panic. The loans and discounts are more than they have been at any previous time.

Total loans and discounts, $26,096,222; legal tenders, $6,057,680; deposits, $29,762,910; circulation, $4,790,720; capital and surplus, $12,119,000.

—*Chicago Tribune.*

Bank Suspensions in Chicago.—The Mechanics' National Bank closed its doors December 31st, and has gone into voluntary liquidation. The Cook County National Bank has done the same. On the 19th of January a notice posted on its doors informed the public that, owing to the non-receipt of promised and expected aid, the shareholders have voted to go into liquidation under the National Currency act. Depositors are assured that their payment in full is only a question of time. The deposits had run down from $1,150,000, December 31, 1874, to $850,000, or about $300,000 in a fortnight. It is said that Mr. B. F. Allen, its President, owns most of the stock of the bank, and intends to devote as much as may be necessary of his private fortune to the payment of depositors.

KENTUCKY.—We present herewith a consolidated statement of the State and National Banks of Louisville, showing their condition on December 31, 1874. There are at present in this city fourteen State Banks and nine National Banks, three of the former having been transferred to the list of National Banks since last July. The leading items in the statements of the two classes may be summarized as follows:

RESOURCES.

	Discounts and Loans.	*Due from Banks.*	*Currency.*	*Bonds and Stocks.*
State	$11,000,758	$964,864	$1,092,936	$753,012
National	4,819,910	694,168	492,504	3,610,002
Total	$15,820,668	$1,659,032	$1,585,440	$4,363,014

LIABILITIES.

	Capital.	*Surplus and Conting. Fund.*	*Due to Banks.*	*Individual Deposits.*	*Government Deposits.*
State	$5,708,245	$1,360,641	$362,656	$6,581,538	——
National	3,445,500	464,829	1,189,089	1,692,278	$321,392
Total	$9,153,745	$1,825,470	$1,551,745	$8,273,816	$321,392

Private banks and bankers are not taken into account.—*Louisville Courier-Journal.*

M. Emile Péreire, the well-known French banker, whose death has been reported, was born December 3d, 1800. He was of a Jewish family of Portuguese extraction, and was a grandson of the philologist Jacob Rodriguez Péreire. In conjunction with his brother Isaac, he became contractor for the building of the St. Germain Railway, having the Rothschilds, with other great capitalists, for his guarantee. This transaction was the foundation of his reputation and fortune. The same partnership undertook the construction of the great Northern Railway of France. In 1852, they founded the French Credit Mobilier, with a capital of $12,000,000, an institution which, unlike its American imitator, has encouraged and fostered industrial enterprises. M. Péreire was decorated with the Cross of the Legion of Honor in 1837, and was subsequently created an officer of that order. He was elected as the Government candidate to the Corps Legislatif in 1863, but declined to be a candidate in 1869.

Maine.—The annual report of the State Treasurer has been submitted to the Legislature. The receipts of the Treasurer the past year were $1,423,473·70, which, added to the amount on hand December 31, 1873, makes $1,859,904·38. The disbursements for the year amounted to $1,537,718·54, leaving a balance in the Treasury December 31, 1874, of $322,185·84. The liabilities of the State aggregate $9,959,690·25, which includes all trust funds, school funds, etc. The public debt, January 1, 1875, was $7,088,400. The actual indebtedness of the State is $5,574,378, there being sinking funds to the amount of $1,514,022·80. A considerable portion of the report is devoted to the Savings Bank tax. The Treasurer suggests that the act authorizing this be so changed that the tax be based upon the amounts of deposits at the date of return, instead of the average of deposits for the preceding six months; also that the banks be required to pay the tax within ten days instead of forty-five days, as now provided. The average amount of deposits for the six months preceding May 2, 1874, is given as $28,566,037·64, and for the six months preceding October 31, 1874, $28,808,481. The total tax for the year is $143,318·24.

Massachusetts.—The message of Governor Gaston states that the present funded debt of the State is classified as follows: Railroad loans, $14,971,016; war loans, $12,936,188; ordinary loans, $1,558,000; total, $29,465,204. The sinking fund created for its redemption amounts to nearly $11,000,000, leaving the net debt less than $19,000,000. The payments from the revenue of the present year are estimated at $5,214,550; and the ordinary revenue of the year at $3,568,983, showing that a State tax of $2,225,000 will be requisite.

The Comptroller of the Currency has appointed C. O. Billings as National Bank Examiner for the City of Boston, in place of George Ripley, resigned.

Sentenced.—George H. Kingsbury, the defaulting clerk of the National Bank of Redemption, in Boston, has been sentenced to five years' imprisonment in jail.

Michigan Finances.—Governor Bagley's message to the Legislature says that the financial exhibit is gratifying. The administration faithfully pays every obligation as it matures, provides in advance for every appropriation, creates no new debt, and renews no old one.

Stolen Bonds.—The Souhegan National Bank, at Milford, N. H., received, on January 2d, securities amounting to about $112,000, being most of those stolen from its vaults on the 19th of October. The officials of the bank refuse to give any particulars, though they claim that no compromise was made with the robbers.

New Jersey, according to the showings of its Comptroller, financially stands among the very best of the States. The receipts of the treasury during the year 1874 were $2,122,752, of which $100,000 was from a temporary loan, and the balance from the usual legitimate sources. The receipts were $299,817 more than the disbursements of the year, and exceeded the receipts of the previous year by $357,220. The war debt is the only bonded debt of the State, and after the payment of bonds maturing January 1, 1875, will amount to $2,496,300, while the assets of the sinking fund, established to secure the payment of this debt, amount to $1,311,450.

OHIO.—We take from the *Cincinnati Commercial* the following table of the aggregate of the leading items in the reports of the National Banks of Cincinnati, as shown by their statements of condition on the 31st day of December, 1874, and comparisons with reports of October 2 and June 26, 1874:

	Dec. 31.	*Oct. 2.*	*June 26.*
Loans	$9,798,450	$9,353,041	$9,092,359
United States Bonds on hand	163,200	203,700	347,150
National Bank Notes	113,048	208,621	232,643
Coin and Coin balance	123,685	274,332	353,086
Legal tenders	730,000	575,000	731,000
Exchange	1,620,087	1,386,792	1,449,526
Due from banks	1,517,887	717,219	557,692
U. S. Certificates of Deposit	515,000	625,000	775,000
Stock	4,000,000	4,000,000	4,000,000
Surplus	945,000	945,000	925,000
Circulation	3,190,510	3,104,910	3,167,105
United States Deposits	330,130	335,466	310,226
Individual and Certified Deposits	5,132,758	5,641,379	5,214,235
Due to banks	4,042,060	3,232,630	3,716,223
Redemption fund	175,330	......	......

A CLOCK now in use in the Jefferson National Bank, in Steubenville, Ohio, was placed in the Farmers and Mechanics' Bank, at Steubenville, in 1815, has been on active duty ever since, and is said to be still a first-class time-keeper.

PENNSYLVANIA.—The total debt of Pennsylvania, at the close of the fiscal year, November 30, 1874, was $24,568,635. Deducting some $9,000,000 of bonds in the sinking fund, the debt is reduced to about fifteen and a-half millions of dollars. The debt within the past year was reduced by $1,230,186, notwithstanding the revenues were decreased by lessened taxation $1,200,000.

DAYLIGHT BANK ROBBERY.—Two strangers entered the First National Bank of Carbondale, Pennsylvania, on January 14th, while all were at dinner except Mr. James Stolt, the Cashier. They engaged Mr. Stolt in conversation, and soon after fell upon him, tied and gagged him, and made off with $40,000 in greenbacks. Mr. Stolt managed to roll himself to the front door and give an alarm, but the men had disappeared, and no trace has been obtained of them. Mr. Stolt, although a man of advanced years, and of feeble strength, resisted the robbers, and was badly bruised in the scuffle.

UTAH.—Messrs. Walker Brothers, Bankers, offer their attention to collections for Utah and the adjoining Territories. Their card, with ample references, may be found in our advertising supplement.

WISCONSIN.—The Manufacturers' National Bank of Racine has recently increased its capital $100,000. The bank continues an active business under the management of Hon. Jerome I. Case, President, and Mr. B. B. Northrop, Cashier. The names of its directors will be found in their card at end of this number.

Eau Claire.—Messrs. Clark & Ingram have admitted Mr. Eugene R. Leland as a partner in their firm, the style being now Clark, Ingram & Co. The card of the new house will be found in our advertising supplement, their New York correspondent being the Importers and Traders' National Bank.

CANADA.—R. J. Dallas, the defaulting cashier of the Toronto branch of Molson's Bank, who was arrested at Elizabeth, N. J., having in his possession upwards of $42,000, and taken back to Canada, has, after medical examination, been pronounced insane and committed to the Dominion Lunatic Asylum.

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from January Number, page 563.)

☞ Additions for this list are solicited from the subscribers to this work.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Bentonville, ARK.	S. D. Rogers & Co.	....
Chicago, ILL.	M. Felsenthal	Merchants' Exchange N. B.
Beardstown, "	Skilling, Carter, Arenz & Co.	Ninth National Bank.
Bement, "	Bennett, Moore & Co.	First National Bank.
Sheldon, "	Bank of Sheldon	Irving National Bank.
Lafayette, IND.	Lafayette National Bank	Third National Bank.
Belmond, IOWA.	Bank of Belmond	....
Clear Lake, "	Clear Lake Bank	Corbin Banking Co.
Creston, "	Bank of Creston	Saunders & Hardenbergh.
Fayette, "	C. W. Sperry	Corbin Banking Co.
Logan, "	Cadwell & Fiske	....
Manchester, "	Congar Brothers	National Park Bank.
Monroe, "	First National Bank	....
Nashua, "	Bank of Nashua	....
Searsboro', "	Union Exchange Bank	Greenebaum Bros. & Co.
Shellsburg, "	Farmers' Exchange Bank	Nat. Bk. Commerce, Chicago.
Sioux Rapids, "	J. M. Hoskins	*None.*
Storm Lake, "	Sutfin & Hay	....
Louisville, KY.	Galt & Shotwell	First National Bank.
Mt. Sterling, "	Farmers' National Bank	....
Esconawba, MICH.	Esconawba Bank	....
Mt. Clemens, "	First National Bank	....
Bowling Green, MO.	Farmers' Bank	Donnell, Lawson & Co.
Greenfield, "	R. S. Jacobs	Security Nat. Bank, St. Louis.
Lancaster, "	First National Bank	....
Sodus Point, N. Y.	Sylvanus J. Macy & Co.	Josiah Macy's Sons.
Batesville, OHIO.	First National Bank	....
Massillon, "	German Savings Bank	....
Sabina, "	Sabina Bank	....
Youngstown, "	Second National Bank	....
Allentown, PA.	Wm. H. Blumer & Co.	....
Prospect, "	Prospect Savings Bank	....
Rimersburgh, "	Abrams Savings Bank	....
Tyrone, "	Tyrone Bank	....
Mineola, TEXAS.	Harrison & Cage	Donnell, Lawson & Co.
Blacks & Whites, VA.	Citizens' Bank	....
Harrisonburg, "	Rockingham Bank	J. J. Nicholson & Sons, Balt.
Norfolk, "	Home Savings Bank	National Shoe & Leather Bk.
Richmond, "	Thomas Branch & Co.	National Park Bank.
Marathon City, WIS.	Marathon County Bank	National Bank Republic.
Sharon, "	Bank of Sharon	First Nat. Bank, Chicago.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from January No., page 561.)

JANUARY, 1875.

☞ Banks are requested to furnish prompt notice of any future changes.

Name of Bank.	*Elected.*	*In place of*
Southern Bank of Ala., Mobile. ALA.	M. G. Hudson, *Cash.*	W. Demony.
Pacific Bank, San Francisco, CAL.	E. D. Morgan, *Cash.*	O. H. Bogart.
German Bank of Denver, COL.	H. Suhr, *Cash.*	C. F. A. Fischer.
Nat. Metrop. B., Washington, D. C.	Geo. H. B. White, *Cash.*	Moses Kelly.
First National Bank, Batavia, ILL.	Wm. K. Coffin, *Cash.*	Robert N. Wolcott.
Hide & Leather Bank, Chicago, "	Wm. Scudder, *Cash.*	T. L. Forrest.
First National B., Shelbyville, IND.	Alfred Major, *Pres.*	John Elliott.
Merchants' N. B., Indianapolis, "	J. P. Frenzel, Jr., *Cash.*	Fred. Baggs.
Montgomery County Bank, Independence, KAN.	Thos. H. Wills, *Pres.*	J. C. Leonard.
	H. S. Leonard, *Cash*	T. H. Wills.
National Bank of Somerset, KY.	Robert Gibson, *Cash.*	W. Woodcock.
Third Nat. Bank, Louisville, "	Julius Von Borries, *Pres.*	S. Ullman.
Franklin Bank, Baltimore, MD.	J. Sprigg Belt, *Cash.*	Charles Goodwin.
Old Town Bank, " "	E. G. Hipsley, *Pres.*	James Webb.
Central Nat. B., Frederick, "	Geo. R. Dennis, *Pres.*	R. Y. Stokes.
N. Hide & Leather B., Boston, MASS.	George Ripley, *Pres.*	William Claflin.
North National Bank, " "	George Whitney, *Pres.*	C. R. Ransom.
National Bank, Methuen. "	James Watson, *Pres.*	J. Davis.
Milford National B., Milford, "	Aug. Wheeler, *Cash.*	A. G. Underwood.
Railroad Nat. Bank, Lowell, "	Jacob Rogers, *Pres.*	S. W. Stickney.
Rockport Nat. B., Rockport, "	Charles Tarr, *Pres.*	Ezra Eames.
Ann Arbor S. B., Ann Arbor, MICH.	R. S. Smith, *Pres.*	T. M. Cooley.
" " " "	Chas. E. Hiscock, *Cash.*	Schuyler Grant.
First Nat. Bank, Buchanan, "	William Pears, *Pres.*	G. W. Devin.
National City B., Marshall, "	S. V. R. Lepper, *Cash.*	M. B. Strong.
Manuf. N. B., Three Rivers, "	E. H. Lothrop, *Cash.*	Wm. E. Wheeler.
Lumberman's State B., Wenona, "	S. O. Fisher, *Pres.*	John S. Taylor.
Concordia Sav. B., Concordia, MO.	H. W. Thieman, *Cash.*	F. L. Flanders.
Bank of St. Joseph, St. Joseph, "	G. A. Prey, *Cash.*	R. P. Richardson.
First National Bank, Palmyra, "	Samuel Logan, *Cash.*	H. G. Smith.
" " Sedalia, "	A. D. Jaynes, *Pres.*	C. Newkirk.
" " " "	Cyrus Newkirk, *Cash.*	A. D. Jaynes.
" " Trenton, "	Hugh S. Carnes, *Cash.*	R. P. Carnes.
First National Bank, Omaha, NEB.	Herman Kountze, *Pres.*	E. Creighton.*
B. of Bergen Co., Hackensack, N. J.	G. G. Ackerson, *Pres.*	G. Achenbach.
First National Bank, Hoboken, "	Samuel R. Syms, *Pres.*	W. G. Shepherd.
Nat. Exchange Bank, Auburn, N. Y.	E. S. Newton, *Cash.*	C. A. Meyers.
National Bank of Fishkill, "	Lewis H. White, *Pres.*	Samuel A. Hayt.
City Bank, Rochester, "	Thos. Leighton, *Pres.*	E. M. Parsons.
Security Bank, Watertown, "	Morris Winslow, *Pres.*	R. E. Hungerford.
Delaware County Bank, Walton, "	George O. Mead, *Cash.*	S. E. Dutton.
Union National B., Massillon, OHIO	John E. McLain, *Pres.*	Clement Russell.
" " " "	James H. Hunt, *Cash.*	W. McClymunds.

Name of Bank.	*Elected.*	*In place of*
Keystone Bank, Philadelphia, PENN.	C. M. Clingan, *Pres.*	Jacob Sallade.
Guar. Trust & S. D. Co., " "	E. C. Knight, *Pres.*	W. H. Rhawn.
Twenty-second Ward Bk., " "	Wm. Hacker, *Pres.*	Wm. H. Sowers.
West Philadelphia Bank, " "	J. C. Vincent, *Cash.*	Isaac Jackson.
Girard Savings B., Allentown, "	Samuel A. Butz, *Pres.*	Ph. Albright.
First National Bank, Butler, "	C. McCandless, *Pres.*	Charles Duffy.
Franklin Sav. Fund, Pittsburgh, "	J.W.H.Cochrane, *Cash.*	Samuel A. Long.
People's Sav. Bank, Tidioute, "	Steph. H. Evans, *Pres.*	J. Parshall.
" " " "	Thos. B. Monks, *Cash.*	R. C. Beach.
Wyoming N. B., Wilkes-Barre, "	Latham W. Jones, *Cash.*	E. S. Loop.
Slater N. B., Pawtucket, R. I.	Wm. F. Sayler, *Pres.*	L. Fairbrother.
Exchange Bank, Bristol, TENN. / " " Goodson, VA.	W. W. James, *Pres.*	E. H. Seneker.

* Deceased.

DISSOLVED, DISCONTINUED OR CHANGED.

(Monthly List, continued from January No., page 564.*)*

COLORADO.—Emerson, West & Buckingham, *Greeley*, (now Emerson & West).

FLORIDA.—C. L. Le Baron & Son, *Pensacola*, (suspended).

ILLINOIS.—Charles M. Willard & Co., *Anna*, (now Charles M. Willard); Skilling, Sheffield & Co., *Greenfield*, (now Sheffield & Co.); W. E. Hayward, *Pana*, (succeeded by Anderson & Shumway); Van Vechten & Co., *Shannon*, (succeeded by William Shannon); W. S. Jackson & Co., *Streator*, (succeeded by First National Bank); Mechanics' National Bank, *Chicago*, and Cook County National Bank, *Chicago*, (both in voluntary liquidation); Phenix Banking Co., *Chicago*, (merged in Hide & Leather Bank).

INDIANA.—Monticello Bank, *Monticello*, (succeeded by First National Bank of Monticello); Union National Bank, *Lafayette*, (succeeded by Lafayette National Bank).

IOWA.—T. G. Emsley, *Mason City*, (now City Bank); J. B. & M. I. Powers, *Parkersburg*, (succeeded by Exchange Bank of Wolf, Shuler & Wolf); Crum, Van Fleet & Co., *Bedford*, (now Bedford Bank); M. Rosenbaum, *Nashua*, (now Bank of Nashua).

KANSAS.—Burtis, Powell & Burtis, *Waterville*, (now Marshall County Savings Bank).

MASSACHUSETTS.—Page, Richardson & Co., *Boston*, (dissolved).

MICHIGAN.—Daniel C. Tilden & Co., *Mt. Clemens*, (now First National Bank); Bank of Wenona, *Wenona*, (succeeded by Lumberman's State Bank of Wenona); James Blain, Yerkes & Co., *Ludington*, (succeeded by Charles Blain & H. P. Ely).

MINNESOTA.—Sparks, Macpherson & Co., *Minneapolis*, (now Traders & Manufacturers' Bank).

MISSOURI.—International Savings Bank, *Montgomery*, (merged in Montgomery County Bank).

NEBRASKA.—Trew, F. S., reported at Plum Creek, (now with Kearney Bank, Kearney Junction).

NEW YORK.—George F. Paddock & Co.'s Bank, *Watertown*, (suspended.)

OHIO.—John McDonald & Co., *New Lisbon*, (dissolved); McLain & Hunt, *Massillon*, (merged in Union National Bank).

PENNSYLVANIA.—Producers' Bank, *Butler*, (closed); Weekly Savings Bank, *Pittsburgh*, (now Market Bank); F. S. Bond & Co., *Philadelphia*, (now Bond, Moxey & Co.); Allegheny Trust Co., *Allegheny City*, (suspended).

WISCONSIN.—First National Bank, *Evansville*, (closing).

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized December 16, 1874, to January 21, 1875.

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2213	Lafayette National Bank, Lafayette, IND.	John W. Heath ..... L. C. Slocum	$ 300,000	$ 300,000
2214	First National Bank, Mt. Clemens, MICH.	Jas. B. Eldredge .... Daniel C. Tilden	50,000	30,000
2215	First National Bank, Monroe, IOWA	Tunis Schenck ...... Robt. C. Anderson	50,000	50,000
2216	Farmers' National Bank, Mt. Sterling, KY.	J. A. Hannah .... Wm. Mitchell	250,000	150,000
2217	Second National Bank, Youngstown, OHIO	Henry Tod.......... Geo. J. Margerum	200,000	100,000
2218	First National Bank, Lancaster, MO.	Charles H. Howell... Christian Figge, Jr.	50,000	30,000
2219	First National Bank, Batesville, OHIO	F. M. Atkinson...... Amos P. Spencer	60,000	300,000

THE PREMIUM ON GOLD AT NEW YORK,

DECEMBER, 1874—JANUARY, 1875.

1874.	*Lowest.*	*Highest.*		*Lowest.*	*Highest.*		*Lowest.*	*Highest.*
January ..	10⅛	12½	Dec. 25 ..	Holiday.		Jan. 9 ..	12⅛	12⅜
February .	11⅜	13	26 ..	11¾	12⅛			
March ...	11¼	13⅝				11 ..	12¼	12⅜
April	11¾	14⅜	28 ..	11¾	12	12 ..	12⅜	12⅝
May	11⅞	13⅛	29 ..	11⅝	11⅞	13 ..	12½	12¾
June	10½	12¼	30 ..	11⅞	11⅞	14 ..	12	12½
July......	9	10⅞	31 ..	11⅞	12⅜	15 ..	11¾	12½
August ...	9¼	10¼	Jan. 1 ..	Holiday.		16 ..	12	12¼
September	9¾	10¼	2 ..	12⅜	12¾			
October ..	9¾	10⅜				18 ..	12⅛	12⅜
Nov.	10	12⅜	4 ..	12½	12½	19 ..	12¼	12¾
Dec.......	11⅜	11⅝	5 ..	12⅛	12⅜	20 ..	12¼	12⅜
			6 ..	12¼	12½	21 ..	12¾	12½
Dec. 23 ..	11⅛	11⅝	7 ..	12⅛	12⅜	22 ..	12½	12¾
24 ..	11⅝	11¾	8 ..	12⅛	12⅜	23 ..	12⅝	12⅝

MONTHLY PREMIUM ON GOLD, 1868-73.

DATE.	1868.		1869.		1870.		1871.		1872.		1873.	
January ..	33¼	42¼	34⅝	36¾	19⅝	23¼	10½	11¼	8⅛	10⅛	11⅝	14¼
February .	39⅝	44	30⅞	38⅛	15	21½	10¾	12¼	9½	11	12⅞	15⅛
March ...	37⅞	41⅜	30¼	32½	10¼	16⅜	10⅛	11⅝	9¾	10½	14⅝	18⅛
April.....	37¾	40⅜	31⅜	34¾	11½	15⅝	10⅛	11¾	9⅞	13¼	16¾	19½
May......	39⅛	40½	34⅛	44¾	13¼	15½	11	12¼	12⅛	14⅜	16⅝	18⅝
June	39⅜	41¼	37	39⅝	10⅞	14¾	11¾	13⅛	13	14¾	15	18¼
July	40¼	45¼	34	37⅞	11⅛	22¼	11¾	13⅝	13½	15¼	15	16⅜
August ...	43½	50	31¼	37⅝	14¼	22	11⅝	13¼	12½	15⅝	14⅜	16¼
September	41⅛	45⅛	30¾	62½	12¾	16¼	12¾	15⅜	12¾	15⅛	10⅞	16⅛
October...	33¾	40½	28⅛	31¾	11⅛	14¼	11½	15	12¼	15⅛	7⅝	11¼
November	32⅛	37	21⅛	28⅜	10	13½	10⅜	12⅜	11⅜	14¼	6⅛	12⅜
December.	34⅜	36¾	19¼	24	10¼	11⅜	8⅜	10⅜	11⅜	13½	8⅜	10½

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements.

Debt Bearing Interest in Coin.

	Dec. 1, 1874.	*Jan.* 2, 1875.
Bonds at six per cent	$ 1,167,274,700	$ 1,157,085,100 00
Bonds at five per cent	552,525,200	556,525,200 00
	$ 1,719,799,900	$ 1,713,610,300 00

Debt Bearing Interest in Lawful Money.

Certificates indebtedness at 4 per cent	$ 678,000	$ 678,000 00
Navy pension fund at 3 per cent	14,000,000	14,000,000 00
	$ 14,678,000	$ 14,678,000 00
Debt on which interest has ceased	......	19,122,390 26

Debt Bearing no Interest.

Old demand and legal-tender notes	$ 382,075,267	$ 382,072,317 50
Certificates of deposit	47,120,000	41,200,000 00
Fractional currency	47,385,698	46,390,598 33
Coin certificates	23,045,400	23,540,600 00
	$ 499,626,365	$ 493,203,515 83
Total debt	$ 2,252,550,296	$ 2,240,614,206 09
Interest	33,251,111	39,724,477 09
Total debt, principal and interest	$ 2,285,801,407	$ 2,280,338,683 18

Cash in the Treasury.

Coin	$ 83,043,762	$ 82,587,449 94
Currency	16,699,311	13,952,931 22
Special deposit held for redemption of certificates of deposit, as provided by law	47,120,000	41,200,000 00
	$ 146,863,073	$ 137,740,381 16
Debt, less cash in the Treasury, Dec. 1, '74	$ 2,138,938,334	
Debt, less cash " " Jan. 1, '75	......	$ 2,142,598,302 02
Change in debt during the past month	*Dec.*, $ 123,427	*Inc.*, $ 3,659,967 88
Decrease of debt since June 30, 1874	......	489,939 14

Bonds Issued to the Pacific Railway Companies, Interest Payable in Lawful Money.

Principal outstanding	$ 64,623,512	$ 64,623,512 00
Interest accrued and not yet paid	1,615,587	1,938,705 36
Interest paid by the United States	24,325,396	24,325,396 98
Interest repaid by transportation of mails, &c.	5,510,044	5,601,838 12
Balance of interest paid by the U. S.	$ 18,815,352	$ 18,723,558 86

NOTES ON THE MONEY MARKET.

NEW YORK, JANUARY 25, 1874.

Exchange on London, at sixty days' sight, 4·86½ *a* 4·87 *in gold.*

The principal topics at the Stock Exchange are the activity of governments and the probable renewal of the contract with the Syndicate. The foreign demand for American securities is scarcely revived as yet, but the return of bonds from Europe has ceased. Meanwhile the home demand has been so brisk that the bonds which have come upon the market here during the last six weeks have been readily absorbed, and the supply still seems below the demand. Hence, prices show a decided firmness, and there are symptoms which are interpreted to indicate that the foreign market will shortly be open for the new Fives. The Syndicate have accordingly applied for a renewal of their contract for six months from February 1. The Secretary of the Treasury has assented, but the arrangement awaits the approval of the President. If the application be granted, the expectation is that a large amount of United States securities will be exported during the coming spring. Some of the National Banks which had arranged to sell their Government bonds so as to retire their circulation, are reported to be holding for higher quotations. Our tables show the following course of prices during the month:

QUOTATIONS:	*Dec.* 28.	*Jan.* 4.	*Jan.* 11.	*Jan.* 18.	*Jan.* 25.
Gold	111¾	112½	112⅜	112⅜	112⅞
U. S. 5-20s, 1867 Coup.	122	118½	118⅛	118⅜	119⅛
U. S. new Fives Coup.	113⅝	113⅝	113⅞	114	115¼
West. Union Tel. Co.	79	77⅝	75⅝	72⅛	71⅞
N. Y. C. & Hudson R.	101⅛	101⅝	101⅛	101⅜	102⅛
Lake Shore	80⅝	79⅜	74¾	73⅝	73
Chicago & Rock Island	101⅝	103	102¾	102¾	103¼
New Jersey Central	107	105	106¼	107	106¾
Erie	27⅜	29½	29	28⅞	28½
Bills on London	4.85¾ *a* 4.86	4.85½ *a* 4.86	4.85½ *a* 4.86	4.86½ *a* 4.87	4.86½ *a* 4.87
Treasury balances, cur.	$45,916,675	$47,011,334	$44,885,716	$45,615,919	$46,301,893
Do. do. gold	49,270,172	44,466,657	45,890,689	44,413,652	45,351,978

In State bonds there has been little movement. Tennessees are quoted at 49¼. Missouri sixes at 96¾. The Governor of Missouri has recommended the investment of two millions of school and university funds in State bonds instead of in U. S. bonds, as at present. The expected market thus opening for two millions of bonds has stiffened the price 1½ per cent. Railroad bonds are more active, the old bonds being of course chiefly in demand. There is, however, some inquiry for the defaulted bonds, and prices of all descriptions show a tendency to improve. The stock market has been excited, a sharp downward turn being developed for Western Union and Lake Shore.

The rates for money are lower. Call loans range at 2 *a* 3 per cent., the majority of the transactions being at 2¼ *a* 2½. Prime mercantile paper is quoted at 4½ *a* 6 per cent. The tendency at present seems to be toward greater ease. The return of currency and of deposits to our city banks has been rather more active than was anticipated. The aggregate deposits of the New York banks are now 237 millions, or a little higher than they were at the beginning of October. The legal tenders have risen to 57 millions, and stand at a level 7 millions below that of October

5th, 1874. The movements during the month will be seen from the subjoined table, which shows the averages of the New York city banks as reported by the Clearing-House:

1874.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Weekly Clearings.*
Dec. 21	285.409,800	13,619,500	47.931,700	24.731,600	215.707,800	452,850,413
" 28	283,665,300	13,397,100	47,163,400	24.610,100	213,889,600	407,720,865
1875.						
Jan. 4	284,209,800	17,974,000	49,643,600	24,622,600	211,469,200	398,250,639
" 11	286,167,900	23,222,100	50,821,100	24,407,600	231,613,800	549,740,703
" 18	282,972,700	23,490,600	55,271,900	24,238,900	236,897,500	499,067,585

The corresponding figures of the Philadelphia banks compare as follows:

1874.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*
Nov. 23.	61,242,764	274,863	14,338,351	11,355,763	48,071,939
" 30.	61.336,493	241,452	14,626,879	11,382,363	48,666,592
Dec. 7.	61,214,190	243,469	14,299,784	11,358,858	47.937,607
" 14.	61.047,478	217,900	13,811,813	11,338,904	48 343,280
" 21.	60.349,785	223,362	14,239,619	11,349.780	46,706,352
" 28.	59,882,204	214,546	14,377,890	11,405,905	46,070,813
1875.					
Jan. 4.	59,562,330	409,244	15,112,867	11,441,025	47,283,315
" 11.	59,628,422	495,555	15,144,954	11.416,592	47,336,480
" 18.	60,087,830	488,346	16,191,037	11,439,576	51,280,815

In Boston the bank movement offers the same general features, as will be seen from the subjoined report:

1874.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*
Oct. 26.	132,246,100	1,642,900	7,763,700	24,885,800	75,306,100
Nov. 2.	132,081,400	1,380,100	8,111.900	24,896,600	76,116,700
" 9.	131,940,600	1,340 600	8,086,700	24,915,100	77,818,300
" 16.	131,693,000	1,402,400	7.831,700	24,744,300	77.532,700
" 23.	130.132,800	1,421,100	7,838,100	24,747,200	75,798,100
" 30.	128,495,100	1,324,700	8,186,900	24,705,300	74,140,300
Dec. 7.	128,541,600	1,341,400	8,298,800	24,661,400	74,434,900
" 14.	128,279,000	1,263,600	8,744,800	24,469,600	73,918,000
" 21.	128,637,800	1,147,400	8,835,700	24,435,800	73,796,100
" 28.	128,718,900	1,181,500	9,186,000	24,302,200	73,617,500
1875.					
Jan 4.	129,652,000	2,084,500	9,437,700	24,571,100	72,602,100
" 11.	130,731,900	2,438,300	9,438,100	24,555,400	78,790,300
" 18.	131,109,100	2,472,500	9,350,400	24,600,500	78,585,600

Several questions have been agitating the money market during the month. The failure of the Cook County National Bank at Chicago has caused several rumors of a sensational character to be started here, and the marketing of the Western hog product, which requires a considerable amount of money, has been somewhat embarrassed. But the trouble has been much exaggerated, and it is now well known that the failure of the bank in question has long been anticipated. Another question which has been agitated is as to the effect the new finance bill, and the conflicting provisions of that measure are anxiously canvassed.

As to the proposition for the silver redemption of the fractional currency, the prevailing belief is that it will not be practicable for Mr. Bristow to carry out this section of the law for some time to come. Mr. E. B. Elliott, of the Bureau of Statistics, has been making some careful computations to ascertain the relative value of United States silver coin and fractional currency. His reasoning and its results are as follows: The United States mint ratio of gold to silver is 14 954-1,000 to 1. The

market ratio of gold to silver, as shown by the latest quotations in London, is as 16 3-10 to 1. Therefore, the market ratio of gold to silver in London is to the United States mint ratio of gold to silver as 16 3-10 is to 14 954-1,000, or as 109 to 100. In other words, the silver price of gold is, in the language of the street, 109. But the average currency price of gold in the New York market for some time past has been about 111 1-9. Dividing the latter by the former gives 194-1,000, the currency price of silver. In other words, $1 in silver is now worth $101 95-100; or, in popular phrase, silver is worth now not quite two per cent. premium in currency. These calculations are based upon the market value of silver in London, and not in New York. Mr Elliott considers this much preferable to computations based on the value of silver in New York. If any large movement of silver were to take place it would be governed by the London market.

For reasons assigned above, as well as for others unnecessary to mention, it is doubtful whether much effect will result at present from the first section of the bill relating to subsidiary silver coin. The public seem to prefer to carry their fractional currency in the form of paper, provided it is clean and there is a conspicuous difference between the various denominations to prevent errors in paying it out. Some years must elapse before enough small silver is coined by the mint to render it "practicable" to announce that the fractional currency is to be redeemed, and then, unless the silver change can be sold at a premium, little will be called for. It must be borne in mind that, under our present law of coinage, two silver half-dollars are not worth one single dollar, either in gold or silver, as the subsidiary coinage (*i. e.*, half-dollars and smaller coins) is not equal in standard to the dollar coin by about 6⅘ per cent.; so that, properly speaking, our halves and quarters are only *tokens* which pass by usage and law for fractional parts of a dollar, but which, when melted up, are worth only about 90 per cent. of what they purport to be. At the present time this silver commands a premium of about 5 per cent., because of the demand from manufacturers and shippers, and actual scarcity; but if gold dropped below 10 per cent., and small demands for silver were filled by conversion of fractional currency, the public could no longer sell their change for any premium. With regard to the Free Banking part of the law, it can scarcely create any expansion at present in the currency. No cautious banker is willing to issue his own bills when by so doing he reduces the general stock of material to redeem with. Accordingly some banks have retired circulation, instead of increasing it, on this law. No doubt many other conservative banks will act on the same principle. The most important features of the bill are, first, the assurance that the country shall resume on January 1st, 1879; and, secondly, the authority conferred on the Secretary of the Treasury to "*prepare*" for resumption. Under this authority the Secretary has to use any means he chooses "to prepare and provide." He can hoard all his gold and run the premium up, and then suddenly sell enough to drop the improved movement by a sudden fall. As to the United States bonds, likewise, the Secretary can "from time to time" sell what amount he pleases down to about 2 per cent. below present prices. The phrase from "time to time" means now, if he does it to prepare and provide for future requirements. This provides the means of getting all the gold the Secretary may need. Without any violation of the law as it stands, he could sell gold during the present month at 112. He could, by the sale of bonds, get more gold and continue selling next month at 111¾, reducing the rate of premium a quarter per cent a month till January, 1879, when it will reach par. Such, at least, is the interpretation put upon the bill in Wall street.

With regard to the redemption of the National Bank notes, the machinery is working with more ease, and the results are fully sustaining the anticipations we ventured to express some time ago. An important misapprehension on the part of the banks is pointed out by Treasurer Spinner. In his report he says that some

bank officers do not remit for redemption until they receive new notes in exchange for those redeemed, but this is not in accordance with the law, and if it was, the redemptions could not possibly be made on a 5 per centum deposit; and, besides, if allowed, there would be a double issue of notes for the amount beyond the securities deposited. In fact, it would be a credit of the amount from the Government to the banks, On inspection of the law, as hereinbefore quoted, it will be found to direct that "such associations shall *forthwith* deposit;" and afterward, "when *such redemptions shall have been so re-imbursed*," the notes unfit for use shall be forwarded to the Comptroller of the Currency, and destroyed and replaced. It will be seen that the law requires the re-imbursement preliminary to the delivery of the old notes to the Comptroller. But on account of the clamor on the part of some of the banks, and to facilitate speedy return of new for old currency redeemed to the banks, the Treasury has strained a point, by sending the old notes to the Comptroller, so that they may be at once counted and verified, preparatory to their destruction, "on a pledge from that officer that he would hold the notes until notified by this office that the Treasury had been re-imbursed therefor, as by law required." This is all that can, and is perhaps more than ought to, be done under the law as it stands, and with this course such banks as find fault that their receipts of new notes are not more quickly made will have to be satisfied. Even with banks that are very prompt in their observance of the law in this regard—and it is a pleasure to say that a large majority are so—it averages some eight days before money can be realized on a call for re-imbursement, The banks that were captious and dilatory have enhanced the great causes of embarrassment to which the redemption agency has been subjected. To prevent trouble from this source in the future, it is recommended that the law be further amended so as to direct the Comptroller of the Currency, with the concurrence of the Secretary of the Treasury, on complaint of the Treasurer of the United States that a bank has failed to keep its 5 per centum redemption fund good after being notified to do so, to appoint a special agent to examine into the affairs of such defaulting bank, and on the report of said agent, if the circumstances warrant it, appoint a Receiver in the same manner as is now provided in case of a National Bank refusing on demand to redeem its circulating notes.

The price of gold this month has shown a decided firmness, which is ascribed to several causes. One of these is the adverse balance of trade, and another, the scarcity of gold. The export of specie, since the drain began, to Europe has been about 30 millions of dollars.

By the Bank tables above given it will be seen that there has been a great reduction in the specie reserves of the banks. In New York our banks hold but 21 millions against 35 millions a year ago. The causes of this drain we referred to last month. Our exportation of gold during the last three months nearly reaches 20 millions, or one-third of our annual production of the precious metals. Some needless anxiety has arisen as to the consequences to be apprehended if the drain of the precious metals to Europe should be kept up. Not only is the subject discussed in financial and commercial circles, but it has also attracted the attention of Congress.

On another page will be found an interesting article on the resolution submitted by Mr. Cox to the House of Representatives, 23d December, and referred to the Committee on Banking and Currency. We have obtained an official copy of the resolution, as follows:

Resolved, That the Secretary of the Treasury be requested to require each of the Presidents and Cashiers of the different banks doing business under the banking laws of the United States in the city of New York, under oath, to report to him, within ten days of the passage of this resolution, the exact amount of gold coin, gold certificates and checks or memorandums of individuals, held by said banks, at the close of business on the 19th of December, 1874; and that said Secretary transmit to this House the results of said reports:

In connection with the supply of the precious metals we give the subjoined table from the San Francisco *Commercial Herald:*

	1872.	1873.	1874.
California	$ 19,049,098	$ 18,025 722	$ 20,300,531
Nevada	25,548,811	35,254,507	35,452,233
Oregon	1,095,035	1,376.389	609,070
Washington	226,051	209,395	155.535
Idaho	2,514,090	2,343.654	1,880.004
Montana	4.442,135	3.892.810	3,439,498
Utah	3,521,020	4.906,337	5,911,278
Arizona	143,777	47.778	26,066
Colorado	3,001,751	4,083,268	4,191,405
Mexico	535,072	868.798	798,878
British Columbia	1,350,074	1,250,035	1,636,557
Total	$ 62,236,914	$ 72,258,693	$ 74,401,055

As the subject of taxation is undergoing revision, a strong agitation has been awakened against the use of check stamps, which are loudly complained of as imposing a heavy burden upon banking transactions. We have received numerous applications from all parts of the country denouncing the check tax, and urging its repeal. The difficulty is that it produces a steady, reliable amount of revenue which cannot in the present condition of the Treasury be dispensed with. But, on the other hand, the interests of the country, its financial growth and industrial progress, demand that deposit banking should be liberated from fiscal burdens, and the check tax is therefore condemned by economic principle as well as by motives of expediency. As it inflicts a much heavier burden upon the Treasury than is compensated by its productiveness of revenue to the country, Congress it is hoped will be able next session, if not now, to favor the repeal of the check tax. This will be the more practicable if the tea and coffee tax should be reimposed.

The Foreign Imports at New York compare as follows from 1851 to 1874:

Year.	*Dutiable.*	*Free Goods.*	*Specie.*	*Total.*
1851	$ 119,592,264	$ 9.719,774	$ 2,049,543	$ 131,361,578
1852	115,336,052	12,105 342	2,408,225	129,849,619
1853	179,512,182	12,156.387	2,429,083	194,097,652
1854	163.494,984	15,768,916	2,107,572	181,371,472
1855	142,900,661	14,103.946	855,631	157,860,238
1856	193,839,646	17,902,578	1,814,425	213,556,649
1857	196,279,362	21,440,734	12,898,033	230,618.129
1858	128.578,256	22,024,791	2,264,120	152,867,067
1859	213,640,353	28,708,732	2,816 421	245,165,516
1860	201,401,683	28,006,447	8,852,330	238,260,460
1861	95,326,459	30,353,918	37,088,413	162,768,790
1862	149,970,415	23,291,625	1,390,277	174,652,317
1863	174,521,766	11,567,000	1,525,811	187,614,577
1864	204,128,236	11,731,902	2,265,622	218,125,760
1865	212,208,301	10,410,837	7,123,281	224,742,419
1866	284,033,567	13,001,588	9,578,029	306,613,184
1867	238,297,955	11,044,181	3.306,339	252,648.475
1868	232,344,418	11,764,027	7,085,389	251,193,834
1869	275.779,976	14,789,235	15,788,462	306,357,673
1870	289,618,878	13,716,500	11,864,644	315,200.022
1871	349,635,398	28,878,294	6,348,608	384,862,300
1872	369,083.458	57,429,020	5,594,208	432,106,686
1873	293,035,348	86,924,877	18,605,611	398,565,836
1874	278,677,532	108,598,631	6,407,571	393,683,734

The classification of Imports at New York shows the following results:

	1872.	1873.	1874
Dry Goods	$ 136,831,612	$ 114,160,465	$ 106.520,453
General Merchandise	289,680,866	265,799,760	280,755,710
Specie	5,594,208	18,605.611	6,407,571
Total importations	$ 432,106,686	$ 398,565,836	$ 393,683,734

THE

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THE ADVANCE IN THE GOLD PREMIUM.

The rise in gold seems to have taken the financial community by surprise. Since the Jay Cooke panic, the premium has never been as high as 115, except on the 27th September, 1873, when it ranged from 113¼ to 115½. Immediately afterwards gold began to fall, and reached 106⅛, its lowest point, on the 6th November of that year; since which time the price has been steady at 110 to 112. During the past month a higher level seems to have established itself, and the question is, whether the tide will rise still higher, or will retreat to its former limits. The surprise at this upward tendency of gold is the more general because of its following so close upon the recent finance bill. That law fixes a day for the resumption of specie payments. It declares that on the 1st January, 1879, the United States Treasury will be prepared to sell gold at par. Such a promise as this, backed by the vast resources of the Government, would give, it was supposed, a new bond of strength to the paper currency, and would add to the credit of the greenbacks. The argument has been repeated, over and over again, during the last ten years, that if the Treasury would only fix a day for paying its greenbacks at par, their depreciation would immediately begin to disappear. It is argued, and with great plausibility, that at present the greenback is a dishonored note, a promise to pay for which no provision is made. Once fix a day when the greenbacks shall be paid on demand, and they will soon pass current at par with gold. It made no difference, so these currency reformers thought, whether the day of resumption was fixed at an earlier date or four or five years hence. The premium in either case would rapidly disappear, so that, if the present rate were 14 per cent., it would shortly fall to 6 or 7 per cent., and, in a year or two, it would gradually sink lower and lower, until, long before the period fixed

for resumption, specie payments would be easily, and without effort, restored. This was substantially the opinion of Mr. Chase, who was a profound believer in the power of the Government to diminish or annihilate the gold premium at pleasure. A remarkable illustration of the devout faith with which he held this opinion, will be found in a letter, from which we give an extract on another page.

As to the causes of the recent advance there is much diversity of opinion. Most of our merchants ascribe it to the scarcity of coin. Mr. Bristow has stopped his weekly sales of gold, the customs duties have depleted the market, and the coin paid into the Treasury has been locked up and hoarded instead of being restored to the open market, by weekly sales, as heretofore.

Besides this cause of scarcity in cash gold, there has been a heavy export movement of specie to Europe. Since last fall 30 millions of gold have been sent abroad in exchange for 30 millions of our bonds. By some persons it is supposed that the German Government has been investing part of its funds in Five-twenties, with a view to ship the bonds hither in exchange for gold. The only confirmation we hear for this story arises out of the fact that some time ago the German Government bought 15 millions of United States bonds, which it recently sold in the expectation of getting gold in exchange. Whether these 15 millions were shipped to the United States is not known. What is said is, that the agents of the German Government are buying their bonds back again, and the need of the German Mint for coining purposes is well known. Hence, the theory is started that the alleged maneuver is to be repeated, and that 10 or 15 millions of our Government bonds will at some early day be sent back in exchange for gold.

Many other rumors are current in Wall street, and the foreign exchange market has suffered much disturbance. Considerable force is imputed to the inflation of the currency which is expected to result from the new finance bill. The enlargement of the legal-tender currency was supposed to have been entirely stopped by the legislation of last summer. Now that this delicate question has been reopened, one-fifth of all the new issues of National Bank notes will be a direct addition to the present volume of the paper circulation. Finally, it is argued that the low price of gold since the panic has been the result of artificial depression, and has resulted partly from the favorable balance of trade, partly from the inertness of general business, but chiefly from the policy for putting down gold adopted by Mr. Boutwell, and kept up by his successors in the Treasury. In presence of these conflicting forces, the movements of the gold premium are watched with great anxiety, and it is difficult for our merchants and financial men to forecast the future so as to make their usual engagements.

DEFALCATIONS AND FIDELITY COMPANIES.

It is related of Alfred the Great that he exterminated the bands of freebooters who infested his dominions, and that he made England so safe that a child might carry a bag of gold from one end of the kingdom to the other, without danger of molestation. The means adopted were very simple. Alfred divided the whole country into districts. When a robbery took place in any one of these districts every householder within its limits was assessed to pay his share of the property stolen. Thus the loser was indemnified and every man in England became a detective officer, to watch against highway robbers and bring their career to a swift end. The jurisprudence of England still retains traces of the police districts established by this wisest of Saxon monarchs ten centuries ago.

It has occurred to some shrewd bankers and business men that a somewhat similar principle to that which King Alfred found so useful to check depredations in his time might be used to prevent defalcations in our day. Several expedients have been devised for the purpose. Among them are the fidelity societies, whose business it is to make good to the employer any loss by the fraud or dishonesty of his clerks. Several societies for this purpose have been set up in England. One of them, known as the Guarantee Society, was established as long ago as 1840, and was chartered in 1842 by a special act of Parliament. Its security has long been accepted by the Bank of England, by the Corporation of the city of London, and by many of the principal bankers, railway companies, public corporations, and commercial firms in Great Britain. In Canada, several similar associations exist. The Canada Guarantee Company claims to be the only one of these associations licensed by the Government. Its capital is nominally $100,000, and, the liability of the shareholders being double, its assets are virtually $200,000. Its bonds are accepted by the Government, and by the chief banks, railways, and merchants of Canada. It is intended to obviate the necessity of private suretyships on behalf of men accepting positions of trust. The persons in whose behalf the society gives its guarantee pay a fixed percentage on the amount of the bond they require, and the preliminary inquiries made by the society in respect to applicants somewhat resemble, *mutatis mutandis*, the precautions adopted by the best life insurance companies prior to accepting any life or issuing a policy upon it. It is a matter of surprise that we have not, in this country, some society like those described above. Defalcations have become so numerous as to make such a society extremely desirable. Indeed, we believe more than one effort has been made to meet the want. For what reason these attempts were abandoned we do not know.

Men who hold places of trust can, by means of such a society as this, release their existing private sureties from all future responsibility; and employers who require their clerks to give security will be relieved from anxiety as to the solvency of their bondsmen. The history of defalcations shows that in the majority of cases the descent into the gulf of infamy was made by slow and timid steps. It is one of the numerous moral benefits of guarantee societies that they set a kind of barrier around their constituents, and make a large body of business men guardians, as it were, of each other's integrity. It is a principle of human nature that temptation loses much of its power when an *esprit de corps* can be set up to antagonize and repel it. The prosperity of the best guarantee companies suggests evidence for the belief that they may, both in the methods pointed out and in many other ways which we need not mention, assist the good work of strengthening and buttressing the citadel of commercial morality. Of course the safeguards indicated offer only a subordinate means of keeping men honest. To cultivate true, conscientious integrity in the individual is to lay the only solid foundation for the establishment of mercantile honor in the community. While men are constituted as they are, a large amount of moral obliquity, if not of actual defalcation, may be averted by the use of safeguards and preventives of proper kinds. If it should be denied, as by some persons it may be, that the fidelity companies of which we have spoken can be admitted into the class of preventive institutions, it is certain that they are efficient in obviating many inconveniences which the fear of fraud or defalcation causes both to the employer and the employed.

Besides employers there are two classes of persons to whom the Fidelity Companies will be of great service. First, to officials who, by law or custom, have to provide sureties as a condition of their accepting positions of trust. Secondly, to persons who, because they do not enjoy any such protection, are either debarred from employments suited to their capacity, or gain them with difficulty, and hold them by a precarious tenure. Such are clerks in banks, stores, and manufactories; mercantile travelers, brokers, business agents, and many others. Of the value of fidelity insurance in this point of view, a recent writer has remarked: "The employer would be able to select his servants from the best of those seeking employment, and he would be able to place all the more confidence in the person guaranteed, knowing the deep interest which the company has in his conduct, and the constant supervision kept over his actions." To this we may add that, as the business of the company would always be open to inspection under proper conditions, the safeguard of publicity would enhance the value of the guarantee beyond that of any ordinary private bondsmen.

LAST YEAR'S FAILURES.

If commercial failures are not more frequent here than elsewhere, certainly our statistics on the subject are more elaborate and complete than those of any European country. For this minute and painstaking accuracy in the reports of commercial failures, we are indebted to private enterprise, as the Government reports on the subject, are even less complete here than abroad. We give below the annual report just published by Messrs. Dun, Barlow & Co.:

States.	1874 *Number of Failures.*	1874 *Amount of Liabilities.*	1873 *Number of Failures.*	1873 *Amount of Liabilities.*	1872 *Number of Failures.*	1872 *Amount of Liabilities.*
Alabama	48	$963,000	52	$1,337,000	75	$1,501,000
Arkansas	22	406,000	17	307,000	20	217,000
California	68	2,571,000	70	1,500,000	80	2,434,000
Connecticut	151	2,286,000	104	1,452,000	70	2,370,000
Delaware	27	578,000	31	663,000	20	189,000
District of Columbia	18	256,000	13	240,000	8	59,000
Florida	14	293,000	10	258,000	15	179,000
Georgia	118	1,845,000	67	2,113,000	73	1,293,000
Illinois	332	7,510,000	329	7,109,000	185	11,470,000
Indiana	167	2,397,000	134	2,260,000	80	991,000
Iowa	144	2,034,000	141	1,917,000	91	876,000
Kansas	94	988,000	94	821,000	90	860,000
Kentucky	167	1,879,000	125	2,287,000	99	2,059,000
Louisiana	99	4,429,000	74	2,831,000	85	3,100,000
Maine	84	1,063,000	80	752,000	90	1,072,000
Maryland	110	1,691,000	63	1,229,000	75	5,045,000
Massachusetts	416	10,600,000	309	11,224,000	353	25,374,000
Michigan	286	4,477,000	248	3,917,000	175	2,720,000
Minnesota	60	1,029,000	61	944,000	43	407,000
Mississippi	66	1,555,000	79	909,000	53	591,000
Missouri	175	3,061,000	188	5,867,000	175	2,670,000
Nebraska	42	521,000	22	311,000	17	201,000
New Hampshire	32	266,000	27	513,000	37	447,000
New Jersey	146	3,854,000	119	2,482,000	126	2,036,000
New York	573	10,295,000	544	13,721,000	423	8,417,000
New York City	645	32,580,000	644	92,635,000	385	20,684,000
North Carolina	56	542,000	63	672,000	30	282,000
Ohio	343	8,481,000	321	11,320,000	226	6,569,000
Pennsylvania	644	34,774,000	576	31,445,000	445	9,422,000
Rhode Island	71	1,250,000	58	15,259,000	40	1,179,000
South Carolina	61	1,531,000	36	1,927,000	40	801,000
Tennessee	94	1,585,000	77	1,636,000	56	1,438,000
Territories	67	969,000	44	868,000	15	252,000
Texas	142	2,201,000	116	1,751,000	75	860,000
Vermont	36	380,000	21	350,000	30	229,000
Virginia and W. Va.	111	1,514,000	125	2,188,000	103	1,635,000
Wisconsin	101	2,575,000	81	1,574,000	66	1,127,000
Total	5,830	$155,239,000	5,183	$228,499,000	4,069	$121,056,000

A comparison of the statistics for 1874 shows that the number of failures exceeds that of 1873, with a diminution in the *amount of liabilities*. Several causes are assignable for this.

First, the panic of 1873 caused the failure of an unusual number of large houses, thus raising very much the average amount of liabilities over *all* previous years. Secondly, the volume of business had been greatly diminished during 1874, so that, when failures did occur, the liabilities were comparatively light. Thirdly, the houses which succumbed during the year were in a great degree a smaller class of traders than those of 1873, and, indeed, we may add, than the average of several preceding years. The failures reported above compare as follows with the returns of previous years.

	1871		1870		1869	
States.	*Number of Failures.*	*Amount of Liabilities.*	*Number of Failures.*	*Amount of Liabilities.*	*Number of Failures.*	*Amount of Liabilities.*
Alabama	26	$525,000	31	$788,000	16	$101,000
Arkansas	15	95,000	4	22,000	7	53,000
California	89	4,279,000	60	2,423,000	4	593,000
Connecticut	77	3,915,000	68	1,820,000	61	1,048,000
Delaware	11	208,000	14	197,000	13	251,000
District of Columbia	9	158,000	5	28,000	4	106,000
Florida	2	11,000	7	91,000	..	....
Georgia	42	964,000	98	1,403,000	30	577,000
Illinois	172	5,820,000	214	5,919,000	175	4,276,000
Indiana	60	860,000	86	960,000	68	1,017,000
Iowa	69	797,000	67	732,000	62	694,000
Kansas	58	790,000	45	504,000	16	177,000
Kentucky	80	1,163,000	75	1,194,000	53	1,402,000
Louisiana	45	2,437,000	30	1,886,000	17	601,000
Maine	81	1,420,000	105	1,374,000	83	842,000
Maryland	61	1,194,000	58	1,383,000	37	1,285,000
Massachusetts	210	8,241,000	267	7,598,000	258	8,134,000
Michigan	125	1,521,000	168	3,227,000	148	2,204,000
Minnesota	37	471,000	43	568,000	35	567,000
Mississippi	30	355,000	24	296,000	11	383,000
Missouri	99	1,995,000	115	2,281,000	65	1,968,000
Nebraska	11	251,000	8	152,000	15	199,000
New Hampshire	21	129,000	40	261,000	39	717,000
New Jersey	72	597,000	93	1,121,000	65	1,038,000
New York	321	9,051,000	388	5,692,000	309	7,135,000
New York City	324	20,740,000	430	20,573,000	418	21,370,000
North Carolina	35	390,000	31	738,000	23	368,000
Ohio	189	4,077,000	266	7,956,000	221	4,663,000
Pennsylvania	357	7,110,000	418	10,982,000	306	7,844,000
Rhode Island	21	303,000	23	958,000	18	849,000
South Carolina	30	801,000	21	315,000	19	209,600
Tennessee	42	369,000	31	821,000	15	378,000
Territories	..	....	..	....	12	519,000
Texas	38	673,000	28	1,007,000	19	720,000
Vermont	25	282,000	35	537,000	37	313,000
Virginia and W. Va.	76	1,722,000	76	1,178,000	54	1,406,000
Wisconsin	61	386,000	74	1,107,000	61	1,047,000
Total	2,915	$85,252,000	3,551	$88,242,000	2,799	$75,054,000

From the past and its disasters we naturally turn to the future with its hopes. Chief among the favorable signs of the times is the general tendency toward economy. Extravagant expenditure, up to the end of 1873, was one of the most alarming symptoms noticeable in the community, and even had the pro-

cess of reversing that tendency been more rude and disastrous, the panic and its succeeding months of depression will not have been in vain if the necessity for retrenchment has been made apparent. That this reduction in expenditure has been almost universal is evidenced by the restriction of trade during the year of which so many complain. Otherwise it is difficult to account for the dull times in a country so abundantly supplied with every essential of prosperity—with crops unsurpassed, and an area under cultivation never equaled; with a productive power in its manifold industries beyond belief twenty years ago, and a marked progress in all material elements. Had there been any wide-spread distress, any failure of production, scarcity of labor, or continued disturbance of the monetary system of the country, the depression of the past year might be attributed to other causes than now appear. What is the legitimate trade of the country founded on but the actual demand of the community? If these wants are less in extent in one year, or a series of years, than in another, the legitimate trade is just so much influenced. It is obvious, therefore, if the depression of the year can be attributed to no worse cause than a judicious economy, there is no great ground for apprehension. On the contrary, the only true path back to renewed activity and a safe prosperity is in this direction. It is true that the purchasing power of the people in many localities is impaired by the condition of numerous industries now paralyzed from previous over-production. Time is needed to restore these interests to their normal condition, and we must wait patiently until the equilibrium between supply and demand for these products adjusts itself. If, in the delay, no greater calamities occur than have been apparent in the past year, there will be cause for congratulation.

Still another hopeful sign is the determined steady effort to reduce indebtedness, if not entirely to liquidate it. While among railroads and largely expanded corporations this policy has been found impossible, we are informed that, among merchants and traders, the amount of current indebtedness, as compared with this time last year, is much decreased. We have taken some pains to investigate this process of liquidation, and though it had very nearly reached its minimum prior to the purchases for the Spring trade, the opinion is held that in many a prosperous time in the history of the country the realizable assets of the mercantile community were far less in proportion to the liabilities than now.

A close conservatism in the granting of credits is another prominent feature of encouragement, and this caution is likely to last for some time to come. Throughout the country credit is given with discrimination, and if business is thus restricted in volume, its safety and its profits are likely to be more satisfactory.

It is well known that there is much in the past year to discourage, and, seemingly, to delay a return to a healthy condition of trade. Prices for many products have materially declined, heavy

losses have been submitted to, and sales have been largely restricted. Those firms are fortunate whose surplus in business has been much increased as the result of the year, while the cases are numerous where parties have barely held their own; and too many, if they honestly look their affairs in the face, must admit a loss.

Yet, if the cause for the depression of the trade of the country is to be found in the enforcement of economy and the reduction of indebtedness, more than in disaster or loss of wealth-producing power, and if that depression, liquidation, and restriction of business has been submitted to without serious disaster, surely we have ground for hope that in the near future there is not only safety, but a gradual and sure improvement in the character, extent and profitableness of legitimate trade. There may be causes at work to check and indefinitely postpone this improvement. Unwise reforms may retard it, Congressional legislation on the currency may interfere with it; but behind all these, and other perplexing apprehensions, there is satisfaction in realizing that we have passed through a trying period with so few serious calamities; that the year has been one of great abundance in much that stimulates and contributes to a nation's wealth, and that the prospect for trade reveals many more encouraging than disturbing elements in the immediate future.

THE BANKS OF CANADA.

The official reports of the banks of Ontario and Quebec have just been published for the year 1874. The business of the year seems to have been very satisfactory, the aggregate deposits having risen to $79,190,000, against $61,800,000 last year, and $56,800,000 in 1872. The progress of the banking system for the last ten years may be seen from the following table:

	Discounts and Loans.	*Deposits.*	*Paid up Capital.*
1865	$ 42,000,000	$ 29,800,000	$ 30,700,000
1866	43,800,000	26,700,000	28,400,000
1867	50,600,000	29,500,000	30,400,000
1868	50,800,000	37,400,000	29,300,000
1869	57,300,000	43,000,000	30,700,000
1870	72,400,000	50,200,000	32,400,000
1871	86,800,000	56,000,000	38,500,000
1872	107,200,000	56,800,000	47,282,759
1873	118,362,000	61,800,000	53,191,194
1874	144,027,000	79,190,000	58,458,622
Inc'se in 10 yrs.	$ 102,027,000	$ 49,390,000	$ 27,758,622
Percentage of inc'se,	143 p. c.	60 p. c.	90 p. c.

In discussing these statistics, the Toronto *Liberal* points out the fact that the bank deposits of Canada increased from $2,600,000 in 1842 to $9,660,000 in 1856, and to $79,190,000 in 1874.

Another contemporary gives the subjoined comparative table of the bank returns of Ontario and Quebec, for December 31, 1873 and 1874:

CAPITAL.

	Dec. 31, 1873.		Dec. 31, 1874.
Capital authorized	$61,566,666	....	$65,866,666
Capital paid up	53,191,923	....	58,458,622

LIABILITIES.

Circulation	$25,715,542	....	$25,412,321
Government deposits	9,219,872	....	15,600,000
Public deposits on demand	29,229,483	....	34,069,309
Public deposits at notice	23,361,796	....	29,519,463
Due other Banks in Canada	1,338,618	....	991,464
Due other Banks not in Canada	5,584,698	....	9,884,218
Sundries	78,709	....	95,650
	$94,526,718	....	$115,572,425

ASSETS.

Specie	$6,403,368	....	$6,819,187
Provincial notes	8,582,638	....	9,021,289
Notes and checks of other Banks	4,228,133	....	5,301,885
Due from other Banks in Canada	2,216,354	....	3,456,914
Due from other B'ks not in Canada	8,520,277	....	9,967,621
Total available assets	$29,950,770	....	$34,576,896
Government Stocks	1,174,428	....	1,186,594
Loans to Government	186,266	....	38,933
Loans to Corporations	2,557,818	....	3,053,515
Discounts	118,362,855	....	140,936,684
Real Estate	517,460	....	534,150
Bank premises	2,250,877	....	2,658,239
Other assets	1,480,939	....	1,365,381
Total	$156,481,423	....	$184,350,392

It is worthy of notice that the increase of the note issues does not go on as rapidly as the increase in the general business of the banks. In this respect we see repeated in Canada the movement which is more or less visible throughout the commercial world. Checks are used instead of currency to a greater extent year by year. The *Toronto Monetary Times*, in referring to this change, says:

"The circulation does not participate in the general enlargement of other items in the returns in proportion to its amount. The banks granted loans in 1874 close upon $50,000,000 in excess of 1871–'72, but only floated $2,000,000 more notes to meet this demand. The deposits only provided some $23,000,000; hence the necessity of the large increase of capital in the last few years, though it is becoming less and less doubtful whether the increase of discounts has not been stimulated unduly by the pressure of the funds the enlarged capitals of old and new capitals of new banks brought into the market. Since the new form of the returns enabled this to be traced no less than four millions have

been added by the banks, that is in a year and a-half, to investments of a non-commercial character, which now reach about fifteen millions, the great bulk of which they would gladly exchange for good paper. It is clear, therefore, that such paper is not offering for discount, and that the business to be acquired by new banks must be drawn away from others who have increased their capital in order to keep it, the position of affairs which points to a period of competition among these institutions which cannot fail to develop doubtful business and with higher risks being also diminished profits to provide for increased ratio of losses.

"At the close of 1872 there were 22 banks, with a total paid-up capital of $47,300,000. In 1873 two more were opened, the paid-up capital being increased to $53,200,000. In 1874 four were established, the capital of the whole being $58,500,000. In spite of this increase, and the pressure which new issuers would exert to secure a circulation, the notes issued did not increase beyond a very trifling amount, showing that this source of profit became divisible amongst new competitors, 28 banks taking in 1874, what in 1872 was divided amongst 22. The ratio of circulation to capital fell, in two years, from 53 to 43 per cent., which seems to indicate that the maximum has been reached of the circulation of bank notes, and the fact being, that, as the banks push business and extend their connections, they are thus, to a large extent, diminishing the area of the circulation, as cheques displace it, especially in new centers of banking activity."

THE CREDIT FONCIER OF FRANCE.

The pressure of mortgage debts on the landholders of France is an old source of trouble there, as in some other countries of modern Europe. The aggregate of the French real estate mortgages has been estimated at various sums. M. Wolowski, to whom we recently referred as one of the most competent authorities on the subject, is inclined to estimate the total current value of the real estate of France at about $14,000,000,000, and the total amount of the *dette hypothécaire* at about $1,600,000,000, so that the mortgages amount to about 12 per cent. of the value of the property on which they rest. And he agrees with M. Passy, that assuming the approximate correctness of these estimates, the land of France is not as heavily burdened with debt as the land of most of the other countries of Europe.

The interest, however, payable on the *dette hypothécaire* is more out of proportion to the total income of the land than is the principal to the total value of the mortgage.

The *revenu foncière* of France is estimated at $400,000,000 a year, or not quite 3 per cent. on the total value of $14,000,000,000. The annual charge of the *dette hypothécaire* is estimated at $110,000,000 a year, or about 7 per cent. per annum on the

$1,600,000,000 representing the capital of the advances. In other words, about a fourth part of the net annual produce of the French real estate would seem, by this statement, to be absorbed in the payment of interest on mortgages; and it would also seem that there prevails in France the highly anomalous state of things, of real property selling in the market at prices which pay the buyer no more than 3 per cent. per annum on his investment; and of the payment, nevertheless, by owners or purchasers, of no less than 7 per cent. per annum for money advanced on mortgage of the same investments.

Of the substantial facts, as stated in this abstract form, there is no doubt; but the explanation of the apparent inconsistency is found in the circumstance that by far the largest part of the mortgage advances in France are required by persons who combine the two functions of the landlord and farmer, and who, not having sufficient capital of their own to carry on the business of cultivation, seek assistance from the class of lenders. On the part of such a borrower, therefore, the fund available for the payment of interest on borrowed money is twofold: first, there is the return coming to him as the *rent* of his land, and secondly, the return coming to him as the *profit* upon his business of farming.

But there still remains the fact that, in France, so much more powerful is the disposition to buy land than to depend on any other form of investment, and so inadequate are the supplies of money-capital to the requirements for it for purposes of agricultural industry, that, while purchases of land yield only 3 per cent., advances to actual cultivators, secured by a mortgage on the estate, are not to be had for less than 7 per cent. In this country a very different state of things exists, to which we need not now refer in detail.

In England,* we are told that the difference in the annual return between the rent yielded by an estate in land bought in the market, and the interest yielded by a sum of money advanced as mortgage upon landed property of ample value, cannot be stated at more than 1 per cent., unless under highly exceptional circumstances—that is to say, 3 per cent. obtained in the form of rent, and 4 per cent. obtained in the form of interest.

In France it appears that, on the average of the whole country, this difference is as much as 4 per cent., and in a considerable number of departments the difference is still greater; for, in 1845, it appeared by the answers obtained from the various *Conseils-Généraux* to a series of questions, addressed to them by the Min-

* See Mr. William Newmarch's admirable paper on this subject in the sixth volume of Tooke's *History of Prices.*" This essay, of which we have made a liberal use in the present article, contains the best account of the Crédit Foncier which has been published, except, indeed, the treatise of M. Wolowski. Mr. Newmarch is disposed to undervalue the usefulness of the *Crédit Foncier*. One reason for this may be the limited progress made in England by such organizations. So long as there are so few registers kept of mortgages in England, the successful working of the *Crédit Foncier* would be impossible. Except in Yorkshire and Middlesex, we believe there are in England no official registries of real estate, such as are kept in this country and in Continental Europe.

ister of Agriculture, that in twenty-two districts the rate of interest paid for advances on mortgage was 7, 8, 9, 10, and even 12 per cent. per annum.

The heaviest rates of interest fall, of course, upon the smallest borrowers; but the average amount of the smallest loans is far more limited than any experience of similar transactions in this country would lead us to expect.

By an analysis of the rolls of registration, a statement was obtained of the *prêts hypothécaires* for the year 1841, and of this statement the following figures contain an abstract, viz.:

PRÊTS HYPOTHÉCAIRES IN FRANCE IN 1841.

Limit.	*No. of Advances.*		*Total Sum Advanced.*		*Average of Each Advance.*
$80 and under.........	155,000	....	$7,320,000	....	$45
$80 to $200..........	90,000	....	12,500,000	....	135
Above $200...........	84,000	....	60,500,000	....	700
	329,000	....	$80,320,000	....	$230

It would seem from this return, that, as regards number, nearly half the advances are for sums under eighty dollars.

The year 1841 was a season when the *prêts hypothécaires* were in gross amount less than usual. The average annual gross amount of the nine years, 1840–48, was 22 millions sterling; and, as might be expected, in the deficient season of 1847, there was a considerable rise in the gross amount—a rise, namely, to 25 millions.

These are the general facts of the condition of the proprietors of the soil—or rather of the proprietors of certain classes of buildings raised on the soil—in France, as regards their obligations for money borrowed.

As we have fully explained in previous articles, a state of things the same in character, and difficulties equally urgent, have existed in other countries of Continental Europe, and systematic organizations of credit have sprung up for lightening the burden which presses upon the land-owners. It is to these systems that the term *crédit foncier* has been generally applied. The earliest example of an institution of *crédit foncier* is believed to have been afforded in Silesia at the close of the Seven Years' War.

The landed proprietors of the province had been exhausted by the conflict, and, adopting the recommendation of a merchant of the name of Buhring, Frederick the Great authorized the formation, among the Silesian land-holders, of a mutual society for guaranteeing the repayment of the advances held by, or made to, any of its individual members. The lenders dealt, not with the individual, but with the Society; and the security granted for each advance was an obligation or mortgage on the particular property concerned, fortified by the joint guarantee, and so adjusted, as regards repayment, that by means of a sinking fund of 1 per cent. per annum, accumulating at compound interest at 4 per cent. per

annum, the principal of the debt was repaid in forty-one years. Simple interest at 4 per cent. was also paid during the process of liquidation.

In general terms, the system of *crédit foncier*, as introduced into Silesia, consisted in improving the security offered to lenders by means of the joint guarantee of the Society; in facilitating the negotiation of advances by means of a special law; in providing for the liquidation of the principal of the advance by means of a terminable annuity to be accumulated at compound interest; and by providing also for the punctual payment, year by year, of simple interest on advance.

The modifications of these principles were various. In some cases, for example, the sinking fund was doubled, and made 2 per cent. per annum; but into whatever part of Germany the Silesian system extended, its real outlines remained the same.

The *crédit foncier* seems to have been speedily adopted throughout the Prussian provinces, and from them to have gradually reached Austria and most of the German States. It was introduced into Denmark in 1850, and it has also been adopted in the Baltic provinces of Russia.

In Belgium, and in Bavaria, Wurtemberg, and some other parts of Germany, the State has authorized joint-stock companies to put themselves forward as intermediate agents between lenders and individual land-owners; the companies seeking a profit by the percentage charged for their superintendence and guarantee; and, as we shall see, this is the form of *crédit foncier* prominently introduced into France in 1852.

But sound and wholesome as was the original design of the *crédit foncier*, it was not long in giving rise to abuses. So long as the *lettres de gage*, or obligations, taken by the lender from the Society were restricted to the technical form of a mortgage, and were rendered not transferable, except under reasonable precautions of notice and registration, no mischief could ensue. But it was not long before it occurred to some scheming financier that these obligations might be converted into *bons hypothécaires*; might be made a medium of circulation; might perform the functions of bank notes; might be rendered even more acceptable than bank notes, by virtue of the interest accruing upon them; and, finally, might be declared, in case of necessity, a paper of compulsory tender.

The French assignats are the most formidable and fatal example of the application of these new principles. The assignats all purported to be secured by an assignment on the National domains; and in some of the schemes for issuing the assignats there was a stipulation that they should carry interest. But they were all inconvertible into specie; they were all, sooner or later, decreed to be a compulsory tender, and they all became utterly worthless.

It was against a scheme proposed by the French Government in October, 1848, for the creation of *bons hypothécaires*, that M. Leon Faucher and M. Thiers directed two of the most forcible speeches addressed to the National Assembly. The proposal was defeated; and, although the question of improving the system of *prêts hypothécaires* continued to excite considerable attention, no formal measures were adopted by the Government till 1852.

On the 28th February, 1852, an Imperial decree authorized the formation of *Sociétés de Crédit Foncier*, and effected certain modifications of the law, with the view of assisting the operations of these societies. On the 28th March, 1852, a *Banque Foncière de Paris* was established, and in the course of 1852 several further decrees were issued, extending or modifying the institution. On the 10th December, 1852, the title was changed to *Crédit Foncier de France*, and at length, on the 6th July, 1854, the institution was placed on a footing analogous to that of the Bank of France.

The original concession, of March, 1852, was to a joint stock company, at the head of which was M. Wolowski—the eminent economist who has contributed in the largest degree to the sound exposition, in France, of the resources of the *Crédit Foncier*. But the degree of July, 1854 superseded M. Wolowski, and placed the management of the institution in the hands of a Governor and two Sub-Governors, named by the Emperor.

The capital of the Society was fixed at $ 12,000,000, to be raised in shares of $ 100 each—one-half of which ($ 50) was paid up—providing a paid-up capital of $ 6,000,000.

The term of concession to the Society is 99 years from 30th July, 1852.

In reducing to practice the objects set forth in its statutes, the Society has already had to subject its terms to several modifications. Adopting 50 years as the term of the repayment, the Society began by announcing 5 per cent. as the gross annuity to be paid by the borrower during the fifty years. It is to be presumed that, at so low a rate, the applications became unmanageable. A rate of 5·44 per cent. was then announced. In a short time the rate was again raised to 5·65 per cent., and, by a fourth alteration, it was fixed at 5·95 per cent. for the fifty years.

The *Obligations Foncières*, in which the Society deals, require some explanation, which will be best obtained by a statement of the measures actually adopted by the Society in this division of its operations.

The Society, then, has issued its obligations, or bonds or debentures, for sums of $ 200, $ 100, and $ 20; that is, for sums of 1,000, 500, and 100 francs. These obligations bear 3 per cent. per annum, but are repayable according to certain lottery drawings, at the rate of $ 240, $ 120, and $ 21·50—that is, are repayable at uncertain times, but at a premium of twenty per cent.

Annuity per cent. to be paid by the borrower to the Society during fifty years:

Parts.	*First.*	*Second.*	*Third.*	*Fourth.*
Interest	3.700	4.250	4.510	5.000
Sinking Fund	0.704	0.591	0.543	0.462
Charges	0.596	0.600	0.596	0.487
	5.000	5.441	5.649	5.949

The lottery drawings take place four times a year, in March, June, September and December. A very ingenious system of numbers is employed, and the $ 200 bond, first drawn, carries away a prize of $ 20,000, over and above the rate of $ 240, at which it is repayable. The second bond drawn is to a prize of $ 10,000; the third to $ 8,000; and so on, in descending sums, to the fourteenth number drawn.

The prizes attached to the numbers 7 to 14 are $ 1,000 each; and contrivances are employed for allowing the bonds $ 100 and $ 20 to have an equal chance of obtaining ratable prizes. In 1853 and 1854 the sums paid by the *Crédit Foncier* for these lottery prizes was not less than $ 240,000 in each year; in 1855 it was $ 160,000.

The intention of this lottery element is to draw deposits to the *Crédit Foncier* faster than they would be obtained by the mere offer of an interest of 5 per cent. per annum. Instead of paying 5 per cent., the Society pays 3 per cent., and distributes the further 2 per cent. as lottery prizes, to be drawn for four times a year, adjusting, it is presumed, the number of bonds to be paid off at each drawing to the repayment of capital under its advances, and providing the premiums of 20 per cent. on the obligations by keeping the funds in hand, on account of the sinking fund, at an amount considerably beyond the total of the obligations to be redeemed.

Of the ingenuity of the scheme there can be no doubt. But it is to be feared that mischief will follow the mixing up of the element of gambling with the sober business of receiving money on deposit. Moreover, it is evident that by placing the amount of the deposit notes so low as $ 20, the wages-classes will be allured by the chances of sudden fortune held out to them. By converting into a sort of lottery the simple business of lending and borrowing money, the *Crédit Foncier*, as introduced into France in 1852, could scarcely fail to inflict upon society some degree of latent moral evil, together with more obvious material good. How these evil tendencies have been counteracted, we shall show hereafter.

We need not waste time in proving that this lottery element is no essential part of the *Crédit Foncier* policy. The primary purpose of that policy, as has been well said, is "to mobilize the largest amount possible of the immovable wealth of the country, through

the combined action of the mortgagors and the company, by converting those mortgages into negotiable securities available on demand, and in which all classes of investors may find an easy employment for their funds, and a ready market to realize them at will."

From the year 1770, when Frederick the Great established the first *Crédit Foncier* in Silesia, with a capital of $225,000, the progress has continued, and to-day Germany, France, Austria, Russia, Italy, Spain, Egypt, and Turkey, all have these, rendering their services to the real estate and agricultural interests, emancipating property from the contingencies which are inseparable from the old systems of mortgage. The *Crédit Foncier* raises its funds for the most part by the issue of bonds. In Europe, these obligations have nearly always maintained a price much higher than many other securities during political disturbances. In 1848, the 3½ per cents. issued by the *Crédit Foncier* companies of Silesia and Pomerania were quoted at 93 per cent.; those of Prussia at 96 per cent. In this same year the bonds of the Prussian Government were selling at 69 per cent., and the stock of the Bank of Prussia at 63 per cent. In 1850 the 4 per cents. of the *Crédit Foncier* of Posen were negotiated at 102 per cent., and those of Mecklenburg at 103 per cent. In 1871 the 5 per cents. of the Austrian *Crédit Foncier* were quoted at 91 per cent., while Austrian Government bonds bearing 4.20 per cent. interest were selling at 69.

But the best example is that of France, where, in January, 1872, at the height of the financial trouble arising out of the war, the 5 per cent. bonds of the *Crédit Foncier* were negotiated at 92 per cent., having been quoted before 1870 at 102 per cent. The highest quotations for the 5 per cent. Government loan for $400,000,000 during the year of 1872, and under the impulse of artificial speculations, were from 94 to 96 per cent.; and a new loan for $600,000,000 was issued in July, 1872, at 84½ per cent., bearing 5 per cent. interest. The outstanding bonds of the *Crédit Foncier* of France in 1870 amounted to $250,000,000, and the company, giving its bonds directly to the borrower in exchange for his mortgage, accommodates him at the legal rate of 5 per cent., charging a commission of six-tenths of one per cent. a year on the sum loaned. This economy is possible because of the interchange of mortgages for the bonds of the company. If the company were obliged to go into the market as a borrower, to negotiate its own securities, and to loan money only, the charges to the borrowers on bond and mortgage would perhaps be heavier and fluctuating. The company, instead of being the *agent of the borrower*, would become a regular lender of money raised independently on its own securities or contributed from its capital, and it would naturally seek both to obtain a greater profit, and to change its character from a *Crédit Foncier* to an ordinary Finance Company.

LEGISLATION FOR THE NEW YORK SAVINGS BANKS.

As announced in our December number, the Legislature of the State of New York is about to enact some important changes in the method of granting charters to Savings institutions. The adoption of the Constitutional amendments at the election of last autumn has made necessary a general law relating to Savings banks to give uniformity to their powers, privileges, and liabilities. The draft of an act recommended by the Bank Department in 1868, with a few modifications, was introduced into the Legislature early in the present session, and the Joint Committees of the Senate and Assembly to whom it was referred requested the advice and counsel of the officers and managers of many of the Savings banks of this city and other cities in the State. During the past two months frequent meetings of the representatives of the leading institutions for savings in New York and Brooklyn have been held for the preparation of a bill, which shall, as far as possible, protect all the important interests acquired under the charters already granted, and at the same time eliminate the objectionable provisions which experience has shown to be hurtful to Savings bank affairs. The bill which these gentlemen have prepared has been introduced into the Assembly. With some amendments it will probably become a law. Its main features are as follows:

All banks and institutions for savings are declared to be corporations.

The business shall be managed by a board of trustees of not less than fifteen members, who shall meet regularly once in each month, and five of whom shall constitute a quorum. No trustee shall have any interest in the gains or profits of the bank, nor borrow any of its funds, directly or indirectly. Neglecting to attend six consecutive regular meetings of the trustees shall vacate office; officers of banks may be required to furnish security for the faithful performance of their duties. Investments of the moneys of depositors are restricted to the following named securities: Stocks, bonds, or interest-bearing notes or obligations of the United States; stocks, bonds, or evidences of debt bearing interest of this State; stocks or bonds of any State in the Union that has not within ten years defaulted in the payment of principal or interest of any debt authorized by the Legislature; stocks or bonds of any city, county, or village of this State; and bonds and mortgages on unincumbered real estate situate in this State worth at least twice the amount loaned.

The trustees may regulate the payment of principal and interest to depositors, limit the aggregate amount of individual deposits, and may refuse to receive deposits, and may return them. Deposits

by aliens, minors, or females married or unmarried, shall be held for the exclusive right and benefit of such depositors, against all persons except their creditors.

Trust accounts, in the event of the death of the trustee, shall be paid to the person named by him on the books of the bank. Deposits claimed by an executor or administrator, appointed by proper authority in another State, shall be paid to him and release the bank. A wife may testify in any suit begun by a husband to recover moneys deposited by her in her own name. Claimants to moneys shall be made parties-defendant in suits begun by other parties, on short notice. Disputed deposits may remain in the bank, or may be paid into court and the bank released from further liability. Savings banks may hold real estate for a banking-house, and such as shall have been purchased by them at sales upon the foreclosure of mortgages owned by them, or rendered in settlements to secure debts.

Trustees acting as officers may receive a salary for their services. Loans on real estate shall be secured by a bond or other personal security, and the borrower shall pay legal expenses. Buildings, on which loans have been made, shall be insured in such companies as the bank may direct, and the loss may be made payable to it. Renewals and changes in insurance may be made by the bank at the expense of the borrower. It shall be unlawful for Savings banks to deal in real estate, merchandise, etc.

For the purpose of meeting current payments and expenses, there may be kept uninvested an available fund not exceeding 10 per cent. of the whole amount of deposits with the bank—and the same may be kept on hand, or on deposit in any banking association; but the sum so deposited in any one bank or trust company, shall not exceed 25 per cent. of the paid-up capital of such bank or company, and call loans on the stocks and bonds, above mentioned as collateral security, may be made out of the available fund; provided, that the amount loaned shall at no time exceed 90 per cent. of the market value of the securities pledged for the same. Temporary deposits in banks or trust companies may be made of the excess of current daily receipts over the payments, until the moneys can be judiciously invested. Rate of interest to be allowed depositors, shall be regulated in such manner that they shall receive all the profits of the bank over the expenses and reserve or surplus fund. The surplus fund shall not exceed the amount of 20 per cent. of the deposits. Trustees shall be liable for dividends declared in excess of profits earned. The annual report shall be made to the Superintendent of the Banking Department on or before February 1st in each year, and shall contain full details of every item of business. Banks shall not be required hereafter to report to the Legislature, nor to any local board, and shall not be subject to the supervision of any local authority. The Superintendent of the Banking Department shall visit and examine every Savings bank in the State once in two years, and

shall have power at any time to inspect and examine its books and affairs. The Superintendent may admonish officers of banks for violations of law in the management of their business; and the Attorney-General may institute proceedings for the removal of offending trustees, or the consolidation of the bank with some other institution.

Clerks employed in the Bank Department shall be paid out of the State Treasury. To defray expenses, each Savings bank shall pay $5, and banks whose deposits exceed $100,000 shall be assessed in proportion to amount of deposits severally held by them, and the money paid into the State Treasury. The deposits of Savings banks, in a bank or banking association which has become insolvent, shall be paid next after its circulating notes. Banking associations and individual bankers are forbidden to advertise, or put forth a sign as a Savings bank, or in any way to solicit or receive deposits as a Savings bank. A Board of Trustees may, by resolution, reduce the number of trustees named in their original charter to a number not less than fifteen, to be effected gradually by the occurrence of vacancies by death, resignation, or forfeiture. Acts and parts of acts relating to savings superseded by this act are repealed. The powers, privileges, duties, and restrictions, conferred and imposed upon any Savings institution by its charter, shall be made to conform to the provisions of this act, and each Savings bank shall possess equal powers, rights, and privileges, and be subject to the same duties, restrictions, and liabilities.

Among the amendments which will be proposed there are only two to which we shall advert in this place. The first has to do with the publicity given to the condition of the banks. The above law proposes three expedients for this purpose. First, an annual report to the Superintendent of the Bank Department. Secondly, an inspection, or examination of each Savings bank by the Superintendent every two years. And, thirdly, a special examination by the Superintendent or his assistants at any time when he may deem it necessary. Of these three methods of applying the safeguards of publicity to our Savings Bank system, the last two are substantially the same as are prescribed in the present law. They have worked well, and need not be changed. The proposed act has wisely let them stand as they are. Less wisely, in our opinion, it endeavors to change the other provision which regulates the reports of the banks to the Superintendent. Instead of reporting twice a year, as at present, the Savings banks are to be required to do so once a year only. Public opinion will not approve any such relaxation of the principle of publicity. The demand is rather for quarterly reports. The Savings banks authorities will do well to heed this suggestion. One of the main supports of their credit in the last panic was derived from the confidence of the public based upon the frequent reports officially made and recently published, showing the sound condition of the main body of the

Savings institutions. As a check on bad management, the safeguard of publicity has of course but a limited power. But within its proper limits it is of great importance, and the public mind would look with distrust upon any attempts to lessen the frequency of the official reports. Of course, we refer solely in this place to the reports made to the Bank Superintendent at Albany. All other reports are of doubtful value, and the proposed bill very properly dispenses with them altogether. If it be amended so as to exact quarterly reports to the Bank Superintendent, it would leave little to be desired on the point we are considering. There should also be the penalty and other stipulations in regard to the report contained in the first six sections of chapter 136 of the laws of 1857, as amended in 1867 and 1871.

The other amendment we suggest to the above draft has regard to the investments. Mortgages on real estate have always been regarded as a very proper investment for a fair proportion of the deposits of Savings banks; but the difficulty has been that the valuation has often been too high, and the new law might, perhaps, with advantage impose some fit restrictions on abuses of this kind, especially in regard to unproductive and unimproved property. As to call loans, and to the collaterals on which such loans are to be made, the bill seems open to the objection that it does not add to the safeguards provided by the existing law. These and similar modifications should be attended to in any new general statute which is to settle the law, so as to prevent the necessity of further legislation. The most important point to be provided for is, however, that of publicity and of quarterly reports.

THE NEW YORK LOAN AND INDEMNITY COMPANY.

We have frequently had occasion to refer to the Loan and Trust Companies in this city, which do a banking business without being subjected to the restrictions of the banking law. These corporations are, most of them, conducted with ability. One of the number is winding up its affairs preparatory to retiring from business. This financial association has, for some years, been favorably known in Wall street. It was incorporated under an act of the Legislature passed May 6, 1870, and section 5 of its charter reads as follows: "The said Company shall have power to receive, upon storage, deposit, or otherwise, merchandise, bullion, specie, plate, stocks, bonds, promissory notes, certificates and evidences of debts, contracts, or other property, and to take the management, custody, and charge of real or personal estate and property, and to advance moneys, securities and credits upon any property, real or personal, and shall have power to guarantee the payment, punctual performance, and collection of promissory notes, bills of exchange, contracts, bonds, accounts, claims, rents, annuities,

mortgages, choses in action, evidences of debt, and certificates of property and value, and the titles to property, real or personal, on such terms as may be established by the directors of said Company."

The institution began business under its charter January 15, 1873, with H. H. Van Dyck as President. At the election in 1874, Wm. H. Foster was chosen President, and John T. Banker, Secretary. The original capital was $200,000, but this was increased to $836,000, which has all been paid in. The Company soon began to do a regular banking business, receiving deposits and paying checks through one of the banks connected with the Clearing-House. As will be seen by the statements below, the deposits of the corporation 1st July, 1874, amounted to $633,786·97.

The officers of the Company say that they have cash on hand and cash assets abundantly sufficient to pay every depositor in full on presentation. The Clearing-House has received notice of the action of the Board of Directors, and ceased to take up the checks of the institution February 6, after which date the payments have been made at the counter of the Company. The official report of the Bank Superintendent just presented to the Legislature at Albany gives the subjoined statement of the Company for the 1st July, 1874.

REPORT OF THE LOAN AND INDEMNITY COMPANY, NEW YORK.

RESOURCES.

Amount loaned on collaterals*		$682,105 20
Amount loaned on personal security, including bills purchased		430,521 45
Overdrafts		36 59
Due from directors or trustees, collaterals included in loans above		113,350 00
Due from banks (Bank of North America)		232,772 76
Cash on hand		15,616 78
Assets not included under either of the above heads, viz.:		
Furniture and fixtures	$30,000 00	
Suspended paper	3,523 00	
Revenue stamps	235 41	
Protests	8 07	
		33,766 48
		$1,508,169 26

LIABILITIES.

Capital stock subscribed and paid in in cash	$836,000 00
Profits, net amount	37,785 49
General deposits, payable on demand	633,786 97
Other liabilities not included under either of the above heads, viz.:	
Payment on account suspended paper	596 80
	$1,508,169 26

* These collaterals are reported as follows: Railroad bonds, stock of Lake Mahopac Improvement Co., bonds and mortgages, railroad cars, Long Dock bonds, bonds of Adirondack Co., bonds of Hancock Steel and Iron Co. bank stock, Iron Co. stock, Sewing Machine Co. stock, deed of land, chattel mortgage, Life Insurance Co. stock, railroad stock, business notes and indorsement, Western Union Telegraph Co. bonds, Gas-light Co. stock, Dye-wood, Extract and Chemical Co. stock, Baxter Steam Canal Boat and Transportation Co. stock, and N. Y. Life and Indemnity Co. stock. Total, estimated market value, $1,166,000.00

SUPPLEMENTARY.

Total amount of interest, commissions and profits of every description received during the last six months (to July 1, 1874)		$46,811 86
Amount of interest paid to and credited depositors during the same period		6,001 37
Amount of expenses during the same period		19,666 75
Number of deposits on which interest is allowed at this date (July 1, 1874)	46	
Total amount of such deposits		301,594 63

Rate of interest on same mostly 4 per cent.; exceptional cases 5 per cent.

From the same official report we extract the subjoined statistics of the other Loan and Trust Companies, which will be of interest:

TRUST COMPANIES IN THE STATE OF NEW YORK, 1 JULY, 1874.

		Capital paid up.	*Deposits on interest.*	*Rate of interest.*	*No. of depositors.*	*Cash in bank.*
1866	Brooklyn Trust Company	*$334,040	$1,180,670	4	642	$56,531
1822	N.Y. Fars. Loan & Tr. Co.	1,000,000	4,106,818	3 to 5	568	1,693,750
1868	N.Y. Mercantile Trust Co.	982,000	635,211	4 to 7	12	15,898
1867	National Trust Co.	1,000,000	3,018,012	4, 5	2,221	479,338
1864	N. Y. Guar. & Ind'ty Co.	2,000,000	1,146,477	2 to 5	197	37,130
1830	N. Y. Life & Trust Co.	†1,000,000	7,373,146	3 to 5	1,618	136,255
1870	N. Y. State Loan & Tr. Co.	1,000,000	571,651	4	191	336,351
1871	N. Y. Real Estate Tr. Co.	500,000	251,485	4	57	123,008
1864	N. Y. Union Trust Co.	‡1,000,000	4,539,912	3 to 5	1,467	266,637
1866	T. Co. Onondaga, Syracuse	100,000	444,464	6	1,039	356,655
1853	United States Trust Co.	§2,000,000	13,645,020	2 to 5	1,242	753,590
1870	N.Y. Loan & Indemnity Co.	836,000	301,594	4 to 5	46	232,772

* Surplus, $567,907. † Surplus, $500,042·07. ‡ Surplus, $117,023·79. § Surplus, $1,574,042·32.

The subjoined summary of the reports of the official tables shows the aggregate resources and liabilities of the eleven moneyed institutions above referred to, for July 1, 1874:

RESOURCES.

Bonds and mortgages		$4,982,341
Stock investments		16,215,848
Par value of the same	$16,558,143	
Estimated market value of same	17,167,392	
Amount loaned on collateral securities		19,096,541
Amount loaned on personal securities		9,369,289
Overdrafts		1,121
Due from directors or trustees		135,200
Due from banks		223,772
Real estate		1,255,417
Cash on deposit in banks or other moneyed institutions		4,255,143
Cash on hand		164,718
Other assets not included in either of the above heads		2,007,688
Add for cents		31
Total resources		$57,716,109

LIABILITIES.

Capital paid in	$11,752,040
Surplus and other profits	4,797,196
Deposits in trust	22,249,357
General deposits	16,230,434
Other liabilities not included in either of the above heads	2,687,059
Add for cents	23
Total liabilities	$57,716,109

NEW INVESTMENTS IN 1874.

A French journal, the *Moniteur des Intérêts Matériels*, has just published a table of the Government loans and other investments in Europe during the year 1874. The total is 842 millions of dollars against 2,179 millions in 1873 and 2,481 millions in 1872. It thus appears that the depression which is so conspicuous here is not confined to this country, but is shared very extensively by the chief commercial nations of Europe. In Germany the total investments were, in 1874, 59 millions of dollars against 243 millions in 1873, and 274 millions in 1872. As to the investments in Great Britain an elaborate statement has just appeared in the London *Times*.

During last year the capital authorized for the new companies organized in London amounted to 30¾ millions sterling, of which 20½ millions had been offered for subscription, and on which the deposits payable on application and allotment amount to 5½ millions. The new issue of capital by companies previously existing amounts to 25 millions sterling, of which about 20 millions has been called up. The foreign loans for the year amount to 29 millions sterling of nominal capital, of which about 15¼ millions has been called up. The capital required for both new companies and foreign loans has been considerably less than in the two preceding years, viz.:

	Capital offered by New Companies.	*New issues by previously existing Companies.*	*Foreign Loans.*
1872	£44,181,000	£31,886,635	£227,781,825
1873	44,374,744	35,971,035	121,840,700
1874	20,512,480	25,023,930	26,140,000

The following shows the amounts raised for new undertakings:

	No. of Companies.	*Capital authorized.*	*Capital offered.*	*Deposits.*
Manufacturing and Trading	81	£10,080,000	£6,188,500	£2,263,900
Railway	8	4,760,000	4,010,000	707,500
Investment	7	4,685,000	2,929,480	523,380
Banking	3	3,000,000	1,750,000	250,000
Colliery	16	1,960,000	1,442,500	563,500
Insurance	4	1,110,000	555,000	82,500
Financial	2	1,100,000	1,050,000	270,000
Mining	10	754,000	291,000	147,000
Shipping	2	700,000	450,000	102,500
Water-works	3	630,000	570,000	155,000
Telegraph	2	530,000	480,000	144,000
Tramways	1	200,000	200,000	40,000
Gas	3	174,000	124,000	87,000
Hotel	1	10,000	10,000	5,000
Miscellaneous	5	1,450,000	462,000	163,600
Total	123	£30,838,000	£20,512,480	£5,504,880

Of the 20 millions sterling here set down as the aggregate of capital offered for new enterprises last year, railway construction absorbed no more than 4 millions. This fact illustrates the disrepute into which new railroad schemes have fallen in the European money markets. This hostile feeling limits itself to new roads. The old well-known railway companies were offered 17 millions out of an aggregate of 25 millions. This is shown by the subjoined details of the new capital obtained in 1874 by previously existing companies.

	Capital offered.		*Capital called up.*
Railways	£17,184,300	....	£14,215,535
Collieries	2,265,000	....	2,065,000
Investment	2,000,000	....	1,450,000
Manufacturing and Trading	849,780	....	746,780
Gas	435,000	....	91,500
Banking	270,000	....	45,000
Financial	250,000	....	231,250
Water	229,600	....	217,600
Shipping	100,000	....	100,000
Telegraph	100,000	....	90,000
Insurance	90,000	....	90,000
Mining	35,000	....	7,750
Miscellaneous	1,215,300	....	1,026,975
Total	£25,023,980	....	£20,377,360

FOREIGN LOANS, 1874.

Loan.	*Issued price.*		*Amount of stock.*		*Paid up.*
Belgian, 3 per cent	75½	....	£1,440,000	....	£1,087,200
Canadian, 4 per cent	90	....	4,000,000	....	3,600,000
Hungarian, 6 per cent	91½	....	7,500,000	....	4,875,000
Ottoman, 5 per cent	43½	....	15,900,000	....	5,406,000
Santa Fe, 7 per cent	92	....	300,000	....	276,000
Total			£29,140,000		£15,244,200

Returning to the *Moniteur*, we find an elaborate comparison of the general destination of the capital raised by the enormous loans above referred to. Thus the Government loans of 1874 are set down at an aggregate of 317 millions of dollars against 868 millions in 1873. Financial institutions absorbed 59 millions in 1874 against 349 in 1873, while railroads and manufacturing companies absorbed 466 millions in 1874 against 964 millions in 1873. Remembering that several of the recent Government loans are destined for railroad construction and for other industrial expenditure, while the Government loans of previous years were more for war purposes, the inference is suggested that last year's investments may have added to the productive powers and wealth-creating mechanism of the world almost as much as the larger sums raised in previous years. This inference receives some corroboration from the fact that investments of 1874 have been directed by a spirit of conservatism and caution resulting from the disappointments and mistakes of the past. Capital has become more discriminating and has invested itself with better prospects of safety and of lucrative returns.

THE MONETARY SYSTEM OF BRAZIL.

No. III.

The Brazilian exchange on London in 1825 as in previous years, was 51⅔, and, therefore, it may be reasonably concluded that the circulation up to that year more or less maintained its credit, the disappearance of the precious metals from the provinces dating only from 1827, when false copper coin began to make its appearance at various points of the Empire. Here we have an element which combined with others to disturb the monetary circulation, aggravating the depreciation of the bank paper, which, in some of the provinces, then constituted the only circulation.

The silver coinage disappearing from the market, where the irredeemable notes of the bank circulated, bequeathed its functions to the copper coin the privileges of a real agent of circulation. Hence, under this condition of things copper began to enter into unlimited competition with the paper circulation, at first in individual transactions, and by a fatal acquiescence on the part of the Government it was soon acknowledged in this new relation in the payment of the taxes. This fact being thus fixed upon the public mind, which was thus thrown off its guard as to the evils which it might induce, the Government resorted to the disastrous expedient of an issue of copper coin as a legitimate and advantageous means of meeting the growing necessities of the Treasury, thus escaping the trouble entailed by the use of loaned credit, with which it was burthened, by availing of the bank paper, put into circulation for that purpose.

This coinage of copper was issued at four times its real value, and proceeded with the greatest activity, and in the period between 1825 and 1830 alone there was coined at the mint of Rio de Janeiro the sum of 11,883,236 $ 280, against a total of 14,606;259 $ 735, coined from 1786 up to the latter year; and at the mint of Bahia the sum 885,196 $ 480, against a total of 932,214 $ 100, coined from 1780. There is no information as to the amount coined in other provinces. In conjunction with this powerful element of depreciation there was also in circulation a great quantity of false copper imported from abroad, especially from North America, as appears from official documents of the time.

"The present condition of the circulating medium," said a Special Commission charged with devising the means of its improvement, and named by the Chamber of Deputies at the extra session of 1830, "is reduced, as is known by all, to representative elements, generally depreciated, but in different degrees, in relation to real money of gold and silver, with the exception of Pernambuco and

Maranham alone, where silver appears yet to dispute (but evidently beating a retreat) the field of circulation invaded by copper. To this evil is added another yet more pernicious, which is the fraudulent introduction into our markets of an enormous amount of false copper coin, especially in the northern provinces, where foreign speculation and the immorality of some of our own people have given extraordinary development to this scandalous abuse.

"The unusual difference of exchange between this market and those of Europe, and the irregularities of the exchange between the provinces of the Empire, are a natural but disastrous effect of the miserable condition of our currency; an evil this certainly very great through the embarrassments to which it subjects the Government in the public administration, and injurious to the interests of the people, which are exposed to continual oscillation. Hence it arises that we present the singular and melancholy spectacle of a nation rich in resources, a people full of patriotism and of love of liberty, and a Government reduced to the verge of bankruptcy, through the want of a currency of general credit in all parts of the Empire."

The commission estimated at 18,000,000 $ 000 the copper coin in circulation, viz.: 13,000,000 $ 000 coined by the mint of Rio de Janeiro, 2,000,000 $ 000 coined by Sao Paulo, Malto Grosso and Gayaz, and embracing the scrip of Bahia, issued against her copper, and 3,000,000 $ 000 of false copper which had been introduced into the country.

The statement presented to the Chambers by the Minister of Finance on the 4th June, 1831, estimated the total amount of copper coin in circulation to be 20,000,000 $ 000, and a later statement, also from the Treasury Department, of April, 1833, valued at 6,000,000 $ 000, the proportion of false copper in circulation.

The depreciation of the circulating medium, the condition of which is described by the documents we have cited, is revealed in the average annual exchange of 25¼*d.*, at which we left it in 1829, declining in 1830 to the annual average of 22⅞, touching in April, 1831, its extreme depression of 21 or even 20, according to some of the commercial statistics of that year.

A great political movement culminated, as is well known, in that year in a generous and magnanimous solution—the abdication of Dom Pedro the First—which could not fail to place in bold relief all the evils which affected the interests of the people, and to disturb the natural and regular course of trade and industry.

After 1831, the exchange presented some improvement, and its annual average for that year was 25¼. "The marked rise of the exchange," said the Minister of Finance to the Chambers in 1832, "assures us of the near approach of a season of prosperity. Already the remittances for the payment of interest on our foreign debt cost us 60 per cent. less than they did when the exchange

was at *22d.*; already the precious metals have fallen from the high premium they had attained, to a point which holds out some encouragement to attempt the improvement of our currency."

The same minister solicited from the Chambers, in favor of the currency, and in the name of the country, a heroic resolution. "Two different representative moneys, but both equally depreciated," urged that eminent statesman, "paper and copper, constitute the medium of exchange for commercial transactions in the markets of Brazil. One is inconvertible, has a forced circulation, an uncertain redemption, and is confined to the province of Rio de Janeiro; the other has a nominal value four times its intrinsic value and circulates in the whole Empire. Hence results a necessary fluctuation in prices, and from this fluctuation an incalculable injury not only to the State but to private individuals; an exchange without any equilibrium between this market and those of Europe, and between this and the provinces; an oscillation of fortunes, an apathy in trade, a paralysis of agriculture, a barrier to industry, a fatal distrust of the public credit, and a general discontent among all the productive classes."

One of the gravest and most important questions of that time was in truth that of the currency. It occupied the attention of the Government, of the Chambers, and of the commercial classes generally, whose interests were so much affected by it. The commercial reports of that period, and the private correspondence of merchants, attest the anxiety with which energetic measures were anticipated for the improvement of the currency. "One thing is evident," said one of the commercial newspapers, "until the money system shall be placed on a more solid basis, we shall continue to see sudden and great fluctuations, not only in the exchange but in the market in general."

Amongst the measures which were adopted, with this view, the most prominent was the appointment of a commission in January, 1833, to examine the subject, and the calling of an extra session of the General Assembly for April of that year, in consideration of the necessity of legislative action to arrest the evils caused by the copper circulation, and especially by its being counterfeited.

The Minister of Finance, upon the report of the Commission, proposed to the Chambers, as the first remedy to be adopted, to subject the currency to a legal standard of value, which should offer a guarantee against the alarming fluctuations which had so frequently occurred, fixing the value of the 6$400 piece at 10$, whence would result a sterling par of 43 1-5 pence per milreis; to make all gold and silver, whether Brazilian or foreign, a legal tender at rates to be determined by the Government, in proportion to the established standard, until the money system should be reorganized; to limit payments in copper to 1$000, so as to reduce it to the office of small change; and to retire the copper coin up to a certain point by means of the issue of scrip, in order to invite the return of the precious metals.

The Chambers, as is known, and by law of 8th October, 1833, adopted the fundamental principles of the proposition of the Government. They fixed the standard of value, assigning to the octava of gold of 22 carats the nominal value of 2 $ 500, and resting the legal value of all gold and silver coins, whether Brazilian or foreign, upon this standard; and by another law circumscribed the copper circulation to the office of small change, whether in the payment of public dues or in private transactions, limiting the obligatory acceptance of this coin to 1 $ 000 in any transaction, save where there might be an express contract to the contrary.

This law having been sanctioned, the Government felt that to carry out fully the views of the Legislative body, it was necessary to put it into immediate execution, taking such steps as to secure the withdrawal of the copper simultaneously in all the provinces, within the shortest possible time, and using every precaution to guard against fraud in any form; thus, with this view, and considering the delay that attended the preparation of the scrip, it was necessary to adopt the system of giving scrip for one-half of the copper called in, and certificates, clothed with a conditional circulation, entitling the holder to scrip for the other half.

In view of these measures of the Chambers and of the Government for the improvement of the currency, it might have been expected, as a necessary consequence, that, the circulation of the paper currency being generalized throughout the Empire, and the obligatory receipt of copper reduced to 1 $ 000 in any one transaction, the value of the paper, there being no further issues, would have gradually improved by virtue of the natural and progressive increase of trade, until it should reach the standard of value, and establish an exchange between Brazil and London, the general market of the world, in the relation of 1 $ 000 to 43 1-5 pence sterling.

This, however, did not occur. All the measures taken to secure this object failed, and the sacrifice of the National credit was utterly useless. From this date on, the tendency of the exchange was downwards, with slight exceptions of temporary improvement.

Up to 1836 it is true that the exchange maintained some firmness, with more or less improvement. Taking, as a basis, the course between the Rio market and that of London, which was admissible because of the generalization of the paper currency throughout the Empire, it will be observed that it ruled from 1833 to 1836 at about 40 pence per milreis. From this latter year, however, it commenced a continuous decline to the end of 1838.

The law of the 6th October, 1835, had directed the substitution by notes to be issued, under the decree of the 1st June, 1833, of:

1st. The notes of the extinct Bank of Brazil.

2d. The old Bahia scrip.

3d. The scrip issued in exchange for copper coin.

4th. The certificates of whatever nature which had been issued in lieu of scrip.

By this law the nation recognized as a public debt the value of the notes which might be issued under its provisions, and bound itself to their certain redemption, the Legislature appropriating the necessary funds.

These notes were to have a general circulation in all parts of the Empire, and were made a legal tender in all payments, whether for public dues or in private transactions.

The law, at the same time, provided for the exchange of the copper coin which was still in circulation, which was to be presented at certain Government stations, in conformity with the first article of the law of 3d October, 1833, where, not being found false, it would be paid for in notes, with an abatement of five per cent., or one-half in copper coin, restamped at one-half of its nominal value. The copper found to be false was ordered to be cut in half and returned to those taking it in for exchange.

The time limited for the exchange of the copper coin expired, that only which was restamped should be a legal tender, and this only to the extent of 1$000 in any one transaction; all legal recourse being denied for the enforcement of contracts stipulating for payment in copper for any sum exceeding 1$000.

THE ADVANCE IN THE WAGES OF LABOR.

[Abridged from *Work and Wages* by Thomas Brassey.]

The demand for a larger share in the intellectual enjoyments of life is a necessary result of the diffusion of education among the masses of the people. But the workmen must recognize the necessity of developing to the utmost their energy and their skill, in order to justify a demand for diminished hours of labor in an industry in which the profits of the employers are already so moderate that they cannot be further reduced without altogether preventing the investment of the capital in the business.

The statement has been widely circulated and largely accepted by the public, that there has been a greater advance in the wages of operatives in recent years in England than in the corresponding period abroad. If it were true that the workmen in union possessed a great power which they could not exercise without the aid of their trade combinations, the development of these societies would become a question of the utmost gravity to the commercial interests of the country. I have, therefore, thought it most important to ascertain how far the statements which have gained credence are justified by facts. For the purpose of elucidating this portion of the subject under discussion, I have obtained tabular statements extending over the last ten years, and showing the

comparative rate of wages in several important manufacturing establishments in Great Britain, in which many of the workmen employed belonged to the much dreaded Trades Unions. Full and accurate information on the actual rate and progressive increase of wages abroad, where Trades Unions until very recently did not exist, is contained in the reports from abroad on these subjects which were made to Lord Stanley by the Secretaries of Embassy and Legation. I will begin by stating how the case stands as regards the engineering trade in England. In this trade, since 1852, there has been no augmentation until quite recently in the wages earned by the operatives. The reason is plain. The rate of wages in England is limited by the necessity of competition with the foreign manufacturers. Employers in England, as elsewhere, only employ labor on the assumption that they can realize a profit by their business; and in the engineering trade, in consequence of the impossibility of increasing the cost of production without losing our trade in the neutral markets, it has not until lately been possible to make an advance of wages. On the other hand, the active competition between the numerous body of manufacturers in the country has reduced profits to a rate so moderate that, if it were to be further reduced, the trade would no longer offer any inducement for the investment of capital. I give in a tabular form a statement of the wages at the Canada Works at Birkenhead, since the formation of that establishment.

The average number of workmen on the books is 600; a sufficient number to afford a fair opportunity of testing the average wages in the mechanical trades throughout the country. It will be seen, on examination of the table, that there has been no appreciable improvement in the rates of pay in recent years.

AVERAGE RATES OF WAGES PAID TO SKILLED WORKMEN AT THE CANADA WORKS, BIRKENHEAD.

	1869.	1868.	1867.	1866.	1865.	1864.	1863.	1862.	1861.	1860.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Fitters	30 0	31 0	32 6	31 0	28 1	28 0	28 0	27 10	27 0	27 6
Turners	29 4	30 0	31 0	31 6	31 5	31 6	31 6	32 0	31 6	32 0
Coppersmiths, etc.	30 9	32 0	32 0	32 6	31 7	31 6	28 1	28 6	29 6	31 0
Grinders	23 0	26 6	32 0	28 6	32 0	27 6	27 6	27 0	25 6	26 0
Smiths	30 0	31 6	32 9	31 9	30 3	30 6	31 0	29 6	30 0	30 3
Boiler Smiths	36 0	36 0	37 0	36 0	34 6	33 0	33 0	32 6	33 0	33 8
Bricklayers	34 0	34 0	34 0	34 0	34 0	34 0	34 0	34 0	34 0	34 0
Saddlers, etc.	26 0	25 0	24 0	24 0	25 6	27 0	27 0	27 0	27 0	27 0
Forgemen	32 6	32 6	33 0	32 9	33 0	34 6	35 0	35 6	36 0	33 0
Painters	23 0	24 0	24 6	27 6	26 6	25 8	25 6	25 6	26 0	27 0
Moulders	31 6	34 2	34 6	32 9	33 0	33 0	32 6	32 0	32 6	31 6
Joiners, etc.	30 0	30 9	31 4	30 6	30 0	29 0	29 6	29 6	30 0	29 6
Boilermakers	22 0	32 0	33 0	34 2	31 9	31 3	31 6	31 0	31 6	31 0

Again, the experience of the same establishment is equally conclusive in proof of the opinion that the rate of wages is regulated of necessity by the ratio between the supply of labor and the demand; and that when the supply exceeds the demand, wages

must inevitably fall, if the depression in trade is long protracted. During the contraction of trade consequent upon the late financial crisis, the price of piece-work had been reduced at the Canada Works sufficiently to allow of the construction of locomotives and bridge work at a cheaper rate than at any time during the last fifteen years; thus fully confirming the opinion that Trades Unions can never succeed in advancing wages, except when the prospects of trade are favorable.

On the other hand, the advanced rate of wages abroad proves that, through the development of manufacturing industry, the wages of the working classes have risen more rapidly than in any branch of industry in this country. The rise of wages abroad is mainly caused by increased demand for labor; but it is partly due to the augmented cost of living.

In France, Belgium, and Prussia, the three great competing countries with England, prices are from twenty to thirty per cent. dearer than twenty years ago; and this increase in the cost of living tells immediately upon the price of all labor, especially of common or unskilled labor. In France, twenty years ago, laborers were content to work for 1*s.* 6*d.* a day. At the present time, from 2*s.* 2*d.* to 2*s.* 4*d.* is the ordinary rate of pay. Mr. Fane says, in his report to Lord Stanley, that "the general rate of money wages in France has increased about forty per cent. in the last fifteen years, in those industries which compete with foreigners in the neutral markets. This rise in the money wages has been accompanied by a considerable rise in the price of food and clothing; still, the relative proportions in which money wages and the price of commodities have risen, leave a margin in favor of the former."

Mr. Wells attributes the rise in the price of agricultural labor in France and Germany to the drain which is constantly taking place from the rural districts into the towns. The increase of manufacturing industry has caused much embarrassment to agriculture, and a further supply of labor from the same source can only be obtained by the payment of higher wages.

There cannot be a doubt that the same observation is equally applicable to many parts of England at the present time.

In the famous engine-building establishment at Creuzot, in France, founded many years ago by Mr. Manby, 10,000 persons are now employed, and the annual expenditure in wages amounts to £400,000. Mechanics were paid, when the establishment was first created, at the rate of 2½ francs a day. At the present time none receive less than 5 francs a day. Between 1850 and 1866, the mean rate advanced from 2*s.* to 2*s.* 11*d.* per head, or thirty-eight per cent., and some men earned from 6*s.* 8*d.* to 8*s.* 4*d.* per day. In addition to their money wages, great facilities are given to the work-people, at the expense of the proprietors, for feeding, clothing, and educating themselves and their families; 700 families of the operatives are lodged by the Company at fifty per cent. below the normal rate of house rent, and 700 gardens are let at the nominal rent of

2 francs per annum. Compare what has occurred in this country with what has taken place at MM. Schneider's, at Creuzot, and it will be clearly proved, as I think, how small is the power of a Trades Union in comparison with the natural effects of an increasing trade and increasing competition among masters for the supply of labor.

At MM. Schneider's, without the assistance of a Trades Union, the working-people have obtained, during the last seventeen years, an augmentation of wages of thirty-eight per cent. In England, in the corresponding period, the most powerful of all the Trade Societies, with an accumulated fund of £149,000, has found it impossible to secure any increase in the earnings of its members.

I shall next refer to the case of the tailoring trades. At the military clothing establishment of M. Dusautoy, in Paris, there are 3,300 persons employed, 800 of them being men, 2,000 women, and 500 children. The amount of wages paid in 1866 amounted to £100,000 in the year. The daily wages for men ranged from 3*s.* 4*d.* to 8*s.* 4*d.*; while in London the rate is stated by Professor Levi, in his essay on the wages and earnings of the working classes, to be from 4*s.* to 7*s.* At M. Dusautoy's, women earn from 2½ to 4 francs a day. In London the wages of girls are 1*s.*, and of women employed as seamstresses from 2*s.* to 2*s.* 6*d.* a day. The children at M. Dusautoy's earn from 1 to 2 francs a day. In London their wages would be about 1*s.*

In France machine tools are made to the value of 2,000,000 of francs annually; but, though the raw materials used are much cheaper since the negotiation of the Treaty of Commerce with this country, the selling price continues the same, owing to the increasing dearness of labor.

In Italy since 1861 wages have risen considerably, in some trades to the extent of thirty to fifty per cent. It has been stated that in Sicily, since 1860, the pay of the working classes has doubled. A field laborer in that island now earns from 1*s.* 4*d.* to 2*s.* 8*d.* a day. In Lower Silesia the rates of wages have doubled generally within the memory of the older workmen. At the great zinc works known as the Vielle Montagne near Liege, where 6,500 hands are employed, in twelve years the wages have increased forty-five per cent. It is therefore clear that the difficulties of the labor question are likely to be felt quite severely on the Continent of Europe, and that they will hereafter increase in proportion to the increase of Continental production.

Whatever may be the fluctuations of wages in the immediate future, we cannot doubt that it was better for the working man that economy should be obtained by improvements in mechanism and in methods of working, than by constant reductions of wages.

M. Michel Chevalier truly says that machinery can alone enable dear labor to compete with cheap labor, and that England, which makes 57 per cent. of the textile fabrics of Europe, owes her superiority in great part to the extensive use of machinery.

PANICS AND CLIQUES.

The great panic of 1866 in England elicited a number of graphic sketches in the journals of the day, exposing the tactics of the speculators who worked so industriously to bring on that revulsion and to enhance its effects for purposes of gain. Among the papers thus published we find the following sketch, which was evidently written by a man well acquainted with the habits of the "bears" at the Stock Exchange. We omit or abridge some unimportant details. There is much in the paper to remind the reader of the maneuvres of our own cliques in Wall street:

It appeared that, like everybody in the monetary world, Mr. Ursa, and his friends, believed a serious reaction had taken place in public opinion with respect to joint-stock companies and joint-stock shares, and that, although nearly all the weaker of these institutions had fallen greatly in price, it was fully expected, as time went on, the value of all such investments would be still lower. To hasten this fall of prices in shares, and to bring down even those of the more respectable establishments, was the object of the clique to which I had been introduced, only that instead of working quite independently, each one was to help the other; and thus, as there is strength in union, our common object would be all the more surely attained. Not that there was anything like community of funds amongst us, or that if one of us made a good hit the others were certain to profit by it. Each member of our confederacy worked for and used what money he could command for himself alone, and for his own speculations; but it was in the getting up reports, in conveying intelligence from one to the other, and, in short, by helping each other to "bear" the share market, that we were to assist one another, as I shall explain more fully presently. Thus, although no one was admitted in our confraternity unless he had some means with which to work, those means were entirely under his own control. If he lost money, the loss was his; if he gained, his were the profits. "Talent, money, and mutual help," said Mr. Ursa, as he explained the object of our confederacy to me, "will make our fortunes in the crisis which is coming, and which we shall help, with others, to bring about, if we have only the pluck not to be frightened by scarecrows."

There was one peculiarity connected with our way of working, which differed materially from any other scheme for "bearing" the market that I have yet heard of. With respect to small insignificant concerns, we were content with crying them down in general terms, and taking our chance of selling them at a higher price than we bought them for, in order to make money. But not so with larger or better known companies. With such we settled

down upon one or two institutions at a time, and did our best to hunt them to death, no matter how sound they were. Thus, at the time I joined the confederacy, there was a certain joint-stock bank whose shares stood at thirty to forty premium, and which we had agreed amongst ourselves should be brought very much lower, so as to enable us, or such amongst us as liked to speculate in them, to make a splendid profit. Having first sold some five or six hundred of these shares at the price of the day, which was thirty-two premium, we began to look about us so as to bring down their value. To the uninitiated it may be necessary to explain that this selling of shares on the Stock Exchange does not at all necessitate that the seller should have in his possession what he sells. The sale is always made for delivery at a future day, and even at that time it is very rare the shares themselves are delivered, but merely the difference of price between the quotations on the day the shares were sold and that on which they are delivered. Or, to be more explicit, let us suppose that on the 1st of March Mr. Smith sells a hundred bank shares, at £14 premium. Smith has not, and never had, these hundred shares, but he is bound to deliver them on a given day, say the 14th of the same month. If he can, in the meantime, procure these shares at say £10 premium, he will be the gainer of £4 per share, or make £400 without putting his hand in his pocket. But if, on the other hand, the value of these shares rise in the interval, and Smith cannot buy them for less than say £18 premium, it is very easy to see that he will be a loser to the amount of £4 per share, or £400 on the transaction. It being, therefore, Smith's interest to procure these shares as low as possible, he does his best to run down their value, and this is called, in Stock Exchange slang, "bearing" the market, and Smith is called a "bear," because he wants to bring down the value of shares. "But this is nothing more than gambling," will exclaim the uninitiated reader who peruses this simple explanation of the verb "to bear," and of the substantive "bear," in the Stock Exchange meaning of the word. So it is, my friend; and if you and I were to sit down to any little game half so risky, and keep a table at which any respectable gentleman so inclined could stake his £5 or £10 note, it is more than probable that we should have a public interview with that worthy magistrate, Mr. Knox, of Marlborough street. But it seems that there are different laws for the East and the West of London, and that what is a misdemeanor in St. James's is allowable in the City.

Our association, then, was nothing more than a combination to "bear" the share market in general, and certain companies, which we fixed upon as our victims, in particular. The way in which we worked, and the results of our operations, will be seen in the course of this narrative.

Although the confederacy which I had joined was not yet complete in numbers—that is, we were anxious to have more members

to work together, and consequently a greater amount of money power boring, as it were, in the same direction—this did not hinder us from entering into any speculations which we thought would pay, provided we worked in the direction of "bearing" the market. As I mentioned before, a certain joint-stock bank had been selected as one of our first victims, and to hound down this institution was at present the chief object of our combined efforts. Nor did the share which I took in this transaction prove a bad speculation for me; although, not feeling just at first very confident in my associates, I was very cautious in my operations, wishing to see my way more clearly before I embarked further in my ventures. I should not forget to mention that, amongst other rules we had formed for our guidance, three were very imperative. First, that in all settling or other monetary transactions, we were to be individually—for we never worked collectively—extremely punctual in our payments; secondly, that we were never to employ any but well-known stock-brokers; thirdly, that we were not to keep our accounts in any but the most respectable banking establishments. To these stipulations I at once agreed, knowing that, all over the world, but more especially in the city of London, no one can win at the game of—shall I call it "speculation"?—unless he has all the outward and visible signs of a "most respectable man."

My first monetary venture, after joining Mr. Ursa and his friends, gave me a net profit of a thousand pounds in the course of a fortnight. I sold two hundred shares in the bank which we had resolved to "pepper" at the current price of the day, which was £10 premium. These shares were to be delivered at the next settling day, and of course it was my interest that I should be able to buy them before that time at a lower price than I had to receive for them. For one or two speculators to attempt to run down the shares of any well-established company with any chance of success would be next to impossible; but when half a dozen or more are banded together for the purpose, the operation is by no means difficult. My confederates were all interested in the same way, and all worked in the same interest. For the present, however, it did not suit us that the fall in these bank shares should be too sudden, and we had therefore agreed amongst ourselves not to attempt to lower them more than three or four pounds before the next settling day. Had we been more rash and less cautious, we should, no doubt, have frustrated, in a great measure, our own plans. Besides, we looked beyond this first fall in the value of the shares, as will be seen in the account of our future transactions.

Although many hands make light work, we confederates could not afford to be idle, if we hoped to succeed in bringing down the shares of this bank within the time we had proposed. My part of the labor was not very onerous. It consisted chiefly in going about from broker to broker, as well as to all the chief "financial agents" with whom I was acquainted, and lamenting that a few

shares which I said that I held as a *bonâ fide* investment in the bank were likely to prove a bad speculation, as I heard that the establishment had lost very heavily indeed by some most indiscreet advances upon cotton, the price of which was going down every day. The story I made out was, that the bank had advanced very large sums of money to sundry cotton houses, without leaving a sufficient margin in case of any depreciation in the prices. My tale was all the more dangerous, as it had a foundation of truth, only that instead of £300,000, as I gave out, it risked to lose about a sixth of that sum. I did not calculate upon the story being more than half believed; but even this would be sufficient to introduce the small end of the wedge, and accordingly I was rewarded for my trouble, after a day or two of indefatigable but judicious work, to read in the money article of the *Times* that the shares of the bank had receded in value £1. Here was the first step gained. A day or two later, the shares of the bank being then quoted at £9 premium, four of my confederates—Mr. Smart, Mr. Edwards, Mr. Ursa, Mr. Rumford—and myself, went by agreement at the same time to five different brokers, and requested them to sell at once for whatever could be got for them certain shares in the bank, each one offering only a small number. Coming as the blow did from several quarters at once, and being struck as it was directly after the reports which had got abroad concerning the losses of the bank, it could hardly fail to have some effect. And accordingly the shares in the concern were reported that evening as having given way a further 10*s.* each, followed the next day by a still further decline of £1. In all, the value of the shares had been brought down £2 10*s.* within three or four days. All this time we worked the oracle steadily in every direction, circulating most industriously reports detrimental to the bank, and to every other kind of undertaking. We were so far favored in our designs, that the money market was really in a bad condition, and a counteraction from former over-speculation was deemed inevitable by every one capable of forming an opinion on the subject. Nor must it be supposed that at the period I write of—in October and November of last year—our gang was the only association deliberately formed for the purpose of bringing down all kinds of securities, and of "bearing" the market in every possible way. No doubt there were few speculators who worked with as deliberate and determined a method as we did; but it is well known that nearly the whole of the numerous body that had formerly earned their living as "promoters of companies"—or, at any rate, all such as had any means at their command, and even many who had not a five-pound note they could call their own—were now busily engaged in trying to run down all sorts of securities, hoping by this undue depreciation of all shares and every joint-stock concern, to pick up some of the few crumbs which they thought must be soon falling in the way of those who had the sense to seek them out. Our plans seemed, on the whole, to command singular success, notwithstanding some temporary delays and reverses.

Here again the general public, that is to say the shareholding portion of the public, helped on the destruction of their own property very materially—as they invariably do—and thus played our game for us. It is a curious fact, that no sooner are the sounds of a monetary storm heard in the distance, than the very first to take fright—or at any rate to act as if they had no more confidence in their investments—are precisely those who are most likely to be injured by the very depreciation of shares which they themselves help so much to bring about. Of this we were fully aware; and part of our plan was to act upon the fears of the weaker-minded public, a task which we found far from difficult to accomplish, and one of our principal means of doing this was by means of the press. Not that we paid or gave anything to have the notices we wanted inserted; the London newspapers are not to be tampered with, as many bold adventurers in the city can testify. But there is such a thing as conveying false intelligence through honest men. One of our party, Mr. Smart, had a sort of bowing acquaintance with the money editor of an evening paper. This intimacy he began to improve, on the plea of asking the editor's advice about certain investments he pretended he was about to make. The money editors of papers, as every one knows, are supposed to be living oracles on all financial questions. However, with the exception of two or three, these gentlemen have generally to trust entirely to others for their information, and to pick up the city knowledge they impart to their respective papers as best they can, but chiefly from half idle friends who "loaf" in and out of their offices during working hours. Our friend Smart was by no means unwilling to take a little trouble for his new friend, the money editor, and by degrees became an almost necessary appendage to that gentleman's office. The news he collected for him was in the main trustworthy, except that it had a universal tinge of the "bear" color about it, more particularly respecting the bank which we were determined to run down. The constant dripping of water will wear a hole in a stone, and the daily repetition of the same tale, even if told in the smallest of doses, cannot fail to have an effect upon the mind of the hearer. Then there is the charm—in city matters doubly charming—of hearing what you believe to be exclusive information. Smart was no fool. He first, as if by accident, paraded before the editor the scrip certificates of about a dozen shares in the bank, lamenting at the same time that he would "make a very bad thing of this investment." Having led the editor to believe he would be a considerable loser by the fall in these shares, and so assured that gentleman, as it were, of his honesty of purpose, he began by degrees to supply him with scraps of news which he said the other papers had not, and could not get hold of. Thus, little by little, the money article of the paper became, quite unconsciously, the organ of our confederacy, and was worked to bring about the results we wished. Not to make this part of my story too long, I may mention that, three or four days before the settling day on which we had to deliver the

shares, a further fall took place in their value, and when settling day came they were quoted at £5 premium, being £5 lower than the price at which we had sold them. Having to purchase a somewhat large parcel for delivery as a matter of course raised the value of the shares slightly, but not sufficiently to diminish our profits. What the other members of our fraternity gained I cannot say exactly, but my own share of the transaction bettered my banking book by a cool thousand pounds.

Very shortly after this excellent stroke of business, a new member was introduced to our confederacy, and by him our ideas became immensely enlarged, and our sphere of business very greatly extended. This gentleman was one of those clever cosmopolitan adventurers in the financial world, who, after their education and experiences are complete, find their way to London as surely as sparks of fire fly upwards. A German by birth, a Hebrew by race, a nominal Christian by creed, a Frenchman by education, an Englishman by naturalization, a universal linguist as it were by intuition, and a financial agent by profession, Mr. Wesser knew everybody and every establishment connected with monetary matters throughout Europe, or I might say throughout the world. He had resided in Russia, Constantinople, Paris, Amsterdam, Vienna, New York, Calcutta, Buenos Ayres, and Berlin. No question about foreign exchanges could puzzle him; no problem in financial operations was too difficult for him to work out. He knew every loan that had ever been contracted by any Government in the civilized world, and was as familiar with the money markets of the New as of the Old World. The first time I met this gentleman was at a dinner, where we all met for the purpose of being introduced to him, just as, some weeks before, the confederacy had been introduced to me. This time, however, the meeting talked more business. Not that any one except Mr. Wesser had much to say, for he spoke so incessantly that no other person could get in a word; but from the first he commanded our attention, and before the evening was over it was evident that our band had now got what it wanted so much before, an exceedingly clever leader, that each one of us believed it his interest to obey.

Mr. Wesser's advice to us was, not to abandon the bank which we had already damaged so much, but to hang on to it; and by causing, if possible, its failure, to lower the value of every kind of security in the market, and by degrees to bring about a serious crisis, if not a decided panic. "As regards the Continent," he said, "I will work that part of the machinery for you, only no one must trouble me with questions, and you must be ready to follow the directions I shall give you." As a pledge of our unity of intentions, he proposed that we should each put down a hundred pounds, which was to be placed in a bank in the joint names of Mr. Ursa and myself, and was to serve as a fund which we were to use on an emergency for any particular purpose. Further, it was agreed that more than two of us were never to be seen to-

gether in public; but that twice a week, every Sunday and Wednesday, we were all to meet and discuss past results, and decide upon future operations.

It was curious to observe how, from the very moment Mr. Wesser assumed command of our band, we not only obeyed him implicitly, but that, following his opinions and ideas, we all at once began to look upon our past operations as mere child's play in amount, and to determine upon a very much larger scale of speculations. To the bank which we had already so seriously injured in reputation was added a much larger concern, which we also determined to "pepper." We continued to invest individually for our respective accounts, and each one as his means permitted him; but all our workings were in the same direction, that of "bearing" the market, or for a fall in the value of shares; and to this, at the instigation of Mr. Wesser, we added another kind of "bearing" speculation. At the time I speak of there were in London numerous small joint-stock companies, the shares of which were almost valueless. One of us would select an undertaking of this kind, and by purchasing a few of its shares run up their value a pound or two; at which price, if we could find any person insane enough to buy them, we sold a few of the shares we had bought to be delivered next settling day. In the meantime, being shareholders in the breaking-down company, we would go to the office, become possessed of the facts we wished to know, and then file a petition in Chancery that the concern should be wound up. No sooner was it published in the papers that such a petition had been presented, than the value of the shares fell below zero; in fact, people were glad not only to give away their interest in the concern, but in many instances to pay us money for taking them. As a matter of course, those who had bought from us were obliged to pay the amount that had been stipulated, and thus we received money—and often a good price—for what we had obtained gratis. Nor was this all. Before presenting the petition for the winding-up of any company, we made matters pleasant with an attorney and an accountant. The latter invariably got appointed official liquidator of the concern, and then nominated the former solicitor for the liquidation. To each of these gentlemen the job was worth from one to two thousand pounds; and as they had "made it a matter of business" with us, we, of course, made something handsome by the transaction. Moreover, every fresh announcement of a winding-up order published in the papers helped to bring about the monetary crisis for which we were all working, and we had the good fortune before long to see our purposes ripen beyond the most sanguine expectations of any of our number, except those, perhaps, of Mr. Ursa and Mr. Wesser.

HAS THE GOLD SUPPLY AFFECTED GENERAL PRICES?

Three questions meet us in all discussions on general prices. First, there is that great law of industrial growth, which gives a larger share of the annual product of the National wealth to be allotted to labor, and a lesser share of the aggregate to capital. This question has chiefly to do with wages, and with the strife between capital and labor. It does not directly affect the relative prices of general commodities. Secondly, there is the growth of productive power, of mechanical invention, and of labor-saving machinery in certain industries. This question regards those derangements of relative values which cause certain articles to be cheapened, while others remain stationary, until the wave of improvement in the facilities of production reaches and disturbs these prices. A third topic is more general, and treats of the changes in the value of the money whereby prices are computed.

By the "value of money," as here used, we mean the standard value of the monetary unit. It is well known that the standard value of coin may be changed in two ways: first, by diminishing the weight of the coin so that the dollar or the sovereign shall contain less gold; or, secondly, by a diminution in the value of gold itself through its relative abundance. It is the second of these changes that is here referred to. The question here raised is, whether the enormous supplies of gold which, since 1848, have been poured into the markets of the world have diminished the relative value of the gold so that a given quantity of it has not so much purchasing power as it used to have in exchange for other commodities. This question is of great importance in all discussions of resumption. If gold has already depreciated and is likely to depreciate still further, then it is only needful for this country to wait a sufficient interval, and if our greenback currency remain without further inflation, gold will gradually descend to the same level with greenbacks. The latter will be at par without any contraction of the currency or perturbation of the monetary system. Many supporters of this theory express it under the formula of "growing up to specie payments." Of course this theory, that the country can, in the way suggested, grow up to specie payments, includes also the further condition, that the commerce and industry of the nation must expand so as to find full use for the existing volume of greenbacks. But it is a familiar principle of monetary science, that the mere increase of business does not by itself require an increase of currency. England has tripled her commerce since 1844, but her monetary circulation has increased very little. It is evident, then, that the theory of our growing up to the specie

standard, so far as it rests on a solid basis, is founded chiefly on a belief in the depreciation of gold to which we have referred above. Hence it is very important for us to know whether or not there has been any such depreciation of gold. The fact has been disputed, and the dispute has been recently revived by the agitation in England as to the scarcity of gold consequent on the competition for a gold reserve among the three great nations of Western Europe. The latest contribution to the data on which this dispute rests is the report just published of the supply from the gold fields of the United States.

The total bullion product of the Pacific States and Territories for the year 1873 was \$72,258,693. This year it was \$74,401,055, showing an increase of \$2,142,362 over 1873. Mr. John J. Valentine, General Superintendent of Wells, Fargo & Co.'s Express, in his annual report of the precious metals produced in the States and Territories west of the Missouri River, including British Columbia, during 1874, shows an aggregate yield of \$74,401,055, being an excess of \$2,142,362 over 1873. California, Nevada, Utah, Colorado and British Columbia increased; Oregon, Washington, Idaho, Montana, Arizona and Mexico (west coast) decreased. The increase in Nevada and Colorado is merely nominal, but in California and Utah it is \$3,100,000, three-fourths of which is to the credit of California.

States and Territories.	*Gold dust and bullion by express.*	*Gold dust and bullion by other conveyances.*	*Silver bullion by express.*	*Ores and base bullion by freight.*	*Totals.*
California	\$16,015,568	\$1,601,556	\$967,857	\$1,715,550	\$20,300,531
Nevada	345,394	34,539	30,954,602	4,117,698	35,452,233
Oregon	553,564	55,356	150	....	609,070
Washington	141,396	14,139	....	....	155,535
Idaho	1,207,667	120,765	551,572	....	1,880,004
Montana	2,581,362	258,136	....	600,000	3,439,498
Utah	83,721	8,372	746,565	5,072,620	5,911,278
Arizona	23,333	2,333	400	....	26,066
Colorado	1,590,700	....	1,745,705	855,000	4,191,405
Mexico	84,655	....	714,223	....	798,878
Brit. Columbia	1,487,473	148,747	337	....	1,636,557
Grand total	\$24,114,833	\$2,243,943	\$35,681,411	\$12,360,868	\$74,401,055

In the statement for 1873 the yield was reported by Mr. Valentine—\$72,258,693—as "the largest, for one year, in the history of the coast." The accuracy of the statement has been questioned, and the yield of 1853 referred to as being greater. Dr. Linderman, Director of the United States Mint, whose information is probably as reliable as may be had, names \$65,000,000 as the amount produced in 1853, and that amount was not exceeded until 1873, which is now exceeded by 1874, and the recent developments on the Comstock lode are interpreted to show that the total product for 1875 will approximate \$80,000,000.

Assuming these figures to be correct, and adding them to Mr. Rossiter Raymond's well-known tables, the total production of

gold since 1848 will be $ 1,267,108,776, and of silver $ 234,092,279, making the total yield of the precious metals supplied, since 1848, from this country $ 1,501,201,055, or just half as much again as the French indemnity recently paid to Germany. If these enormous supplies of gold from this country are to contribute, in the way suggested above, to help us in the work of specie resumption, they must have been operating on prices during the whole of the last quarter of a century, so that, in some of its aspects, this problem is by no means new.

Ever since the gold discoveries of 1848 and 1850, the question has been agitated, how far those discoveries were perturbing the general equilibrium of money-prices throughout the commercial world. The theory that changes of a violent and sudden character were threatening to disturb values, appears to have been held by several of the French economists, and suggested questions which were very early discussed by Bastiat, Chevalier, and other writers; but the discussion is still as far as ever from a satisfactory conclusion.

The first publication of Bastiat on this aspect of the gold supply was in the *Journal des Economistes* for April, 1849. In his essay on money, entitled "Maudit Argent," he says: "I do not think that, on the whole, the gold discoveries of California will add very much to the enjoyments, to the real satisfactions, of mankind. It is true the gold of California might be useful, if it does nothing more than take the place of that which is lost and destroyed. But if it augments the current mass of gold in circulation it will cause that mass to depreciate. The gold-seekers will be richer than they would otherwise have been. But the people in whose hands the gold may be at the moment of depreciation will not be able to purchase as much of what they want for a given sum of money. In such a result as that, I see simply a displacement of wealth, but no augmentation whatever."

In view of the large quantity of gold used in the arts, the precise inquiry which recent events have forced on the public attention, is, how much of the silver and gold produced in California and Australia has gone to swell the metallic currency of the world, and has thus had a direct tendency to raise general prices. The recent adoption of a gold standard by Germany, and the coinage by the Imperial Mint of $ 275,000,000 of ten and twenty mark pieces, has caused this coinage question to occupy attention, though the progress of the inquiry is not so rapid as we could wish.

The real question comes back to us as it was proposed in the *Economist* in June, 1872, by Mr. Thomson Hankey of London. "If the quantity of gold poured into the European markets in 318 years from the discovery of Hispaniola to the revolution in Mexico, was somewhat under 300 millions sterling, is it possible, remembering the effect produced on prices by this enormous increase in the production during those 300 years, that a great effect must

not now be experienced by the additional production of an equally large amount during so comparatively short a time as twenty years?" To this inquiry so well put by Mr. Hankey we may add the question, whether, if the disturbance of prices and their general rise be inevitable, the revolution, when it takes effect, may not be expected to be more rapid and to be attended by more spasms, financial panics, and perturbations of credit among the commercial nations of Europe, than the movement which was developed by causes of much less activity and magnitude in the sixteenth century?

The aggregate gold product since 1849 is stated to be about 2,480 millions of dollars, on the authority of the London *Economist*, whose data we have partly verified, and adopt them as substantially correct. The following is our cotemporary's table of the aggregate yield of the gold-producing countries since 1848:

THE WORLD'S PRODUCT OF GOLD, 1849–74.

	Total.		*Annual average.*		*Annual average.*
3 years—1849-51...	£27,830,000	....	£9,278,000	....	$46,390,000
5 years—1852-56...	145,880,000	....	29,176,000	....	145,880,000
5 years—1857-61...	114,651,000	....	22,930,000	....	114,650,000
5 years—1862-66...	103,203,000	....	20,641,000	....	103,205,000
5 years—1867-71...	101,053,000	....	20,211,000	....	101,055,000
3 years—1872-74...	56,139,000	....	18,713,000	....	93,565,000
26 years—1849-74...	£548,756,000	....	£21,106,000	....	$105,530,000

As already suggested, we cannot hope to make any useful deductions from these figures, nor can we learn the influence of this enormous supply on general prices except we can also find out precisely how much of the gold has been coined, and has added itself to the current of circulating money? It appears probable, from official statistics, that the total product of gold during the last twenty-six years is less by about 2,500 million dollars than the aggregate of coinage during that period. This circumstance, combined with other facts, seems to show that the recoinage aggregate is at least one-half of the whole—perhaps considerably more. If this be so, the aggregate of coin circulating in the channels of commerce has been increasing in a much smaller ratio than some of the writers on the subject have supposed. This question lies so conspicuously on the threshold of the investigations about prices that we wonder it has not commanded more attention. Mr. Newmarch, whose researches have shed so much light on this obscure pathway of economic travel, gives in the "History of Prices" the following estimate of the disposal of the 174 millions sterling of new gold produced from 1848 to 1856. Twenty millions sterling, he says, were added to the coin circulation of England, 60 millions sterling to that of France, and 50 millions sterling to that of the United States. Of the remaining 44 millions, 10 millions remained in Australia, 10 millions in California, 10 millions in Turkey and the East of Europe, and 10 millions in Brazil, Egypt

and Portugal. The gold exports to India, China and Japan, and the amount consumed in the arts, are not provided for in Mr. Newmarch's estimate, which is otherwise as close an approximation as can be reached for the period. The following is Mr. Newmarch's account of the supplies of gold from California, Australia, and Russia during the same nine years—1848 to 1856. It will be found in the sixth volume of the "History of Prices."

THE WORLD'S PRODUCT OF GOLD—1849–1856.

Years.	*California.*	*Victoria.*	*New South Wales.*	*Russia.*	*Totals.*
1849	£1,770,000	......	......	£3,650,000	£5,420,000
1850	5,500,000	......	......	3,390,000	8,890,000
1851	9 070,000	480,000	510,000	3,460,000	13,520,000
(1849–51)	16,340,000	480.000	510,000	10,500,000	27,830,000
1852	12,870,000	6,740,000	3,690,00	3.460,000	27,030,000
1853	13,760,000	9,530,000	1,960,000	2,840,000	28,080,000
1854	15,510,000	9,080,000	850,000	2,840,000	28,280,000
1855	14,740,000	12,430,000	230,000	2,840,000	30,240,000
1856	15,400,000	13,900,000	110,000	2,840,000	32,250,000
(1852–56)	72,280,000	51,680,000	7.100,000	14,820,000	145.880,000
Grand total pounds	£88,620,000	£52,160,000	£7,610,000	£25,320,000	£173,710,000
Grand total dollars	$443,000,000	$260,800,000	$38,050,000	$126,500,000	$868,550,000

The following table has been compiled from authentic sources, by the London *Economist*, to show the supply of gold from the whole of the mines in both hemispheres, from 1857 to 1874:

THE WORLD'S PRODUCT OF GOLD—1857 TO 1874.

Years.	*Net Exports from Australia.*	*Coinage of Sydney Mint.*	*Deposits of Gold at U. S. Mints.*	*Production in Russia.*	*Total.*
1857	£11,329,000	£767,000	£12,000,000	£3,549,000	£27,645,000
1858	11,419,000	1,343,000	8,195,000	3.454.000	24,411.000
1859	11,640,000	1,221,000	5,441,000	3,156,000	21.458,000
1860	10,186,000	1,652,000	3,792,000	3,053,000	18,683,000
1861	10,916,000	1,719,000	6,839.000	2,980,000	22,454,000
(1857–61)	55,490,000	6,702,000	36,267,000	16,192,000	114,651,000
1862	10.455,000	2,478,000	6,195,000	2,990,000	22.118,000
1863	11,468,000	1,535,000	4,124,000	2,988,000	20,115,000
1864	9,025,000	2,699,000	4,410,000	2,862,000	18,996,000
1865	9,533'000	2,272,000	5,222.000	3,227,000	20,254,000
1866	9,618,000	2,911,000	5,794,000	3,397,000	21,720,000
(1862–66)	50,099,000	11,895,000	25.745,000	15,464,000	103,203,000
1867	8,783,000	2,401,000	6.139,000	3,377,000	20,700,000
1868	9,351,000	2,319,000	4,341,000	3.503.000	19.514.000
1869	10,382.000	1,279,000	5.514,000	3,617,000	20,792,000
1870	9,000,000	1,220,000	5,179,000	3,837,000	19,236,000
1871	9,500,000	1 250,000	6,461,000	3,600,000	20,811,000
(1867–71)	47,916,000	8,469,000	27,634,000	17,934,000	101,053,000
1872	5,983,0[illegible]	1,993,000	2,466,000	4,500,000	14,942,000
1873	9,444,000	2,312,000	5,775,000	4,500,000	22,031,000
1874	6,720,000	2,000,000	5.947,000	4.500,000	19,167,000
Total in pounds	£174,752,000	£33,371,000	£103,834,000	£63,090,000	£375,047,000
Total in dollars	$873,760,000	$166,855,000	$519,170,000	$315,450,000	$1,875,235,000

From the evidence, so far as it is before us, two or three facts are suggested. First, as the price of silver is falling, and as silver coin when in excess is likely to be just as effective as gold in its

action on prices, the silver coinage of the world deserves to be investigated, and if correctly measured, may afford important data in the solution of the problem of rising prices. Secondly, the production of gold, which had somewhat fallen off, seems to have received a new impulse on this Continent, owing either to new facilities for transportation or to other causes. If this augmented production be not counterbalanced by a greater falling off than has yet appeared in Australian mining, there will be a new force added to those previously in operation, tending to disturb prices. Lastly, although a long period may be required to show the full force of these and other perturbations of general values, and although the mounting wave of prices should move irregularly when it does begin to rise, still that delay of a score of years before the movement begins, and any fitful, irregular phenomena of alternate rise and fall of prices which may afterwards be developed, are by themselves no evidence against the theory of depreciation of gold, any more than the momentary rise and fall of the waves in a storm disproves the uniformity of the tides, or of the law of gravitation.

The prospects of specie payments, and the future pressure of our debt on the resources of the country, depend in no small degree on the solution which the future may give of the questions as to the effect of the gold of California and Australia on the depreciation of the precious metals and on the consequent rise of general prices. Some people have contended that gold has already depreciated, and that the movement will go no further. Others deny that the movement has yet begun, or is at all probable. Others again declare that the perturbations of prices in Germany and other parts of Europe are the first monitions of a general advance, which will spread more or less rapidly till it has overspread the whole domain of relative values. Few persons in this country have been disposed to believe in any sudden and violent revulsion of prices. It has been supposed that if any such changes in prices should be produced by the gold product, they would, as in the sixteenth century, be slow and gradual. The theory of sudden spasmodic movement receives some confirmation from the phenomena which caused so much trouble in England lately, where the three prime necessaries—coal, meat and iron—suffered an advance which has been followed by a sharp decline, the movement being attended by disastrous labor strikes all over the country.

Some months ago a distinguished English economist, Mr. T. E. Cliffe-Leslie, attempted, in the *Fortnightly Review*, to continue the researches of Mr. Newmarch above referred to, regarding the advance of prices, the causes of fluctuation, and the connection between the increase in the supply of gold and the nominal rise of values. This inquiry was, in the main, limited to England, but valuable facts from other countries occasionally enforce Mr. Leslie's conclusions, partly by way of illustration, and partly as data to draw out an

induction, to measure the effect of gold by comparing the average cost of certain commodities during the period since the new mines were discovered with the cost of the same for a number of years preceding.

As Mr. Leslie points out, Professor Jevons' well-known method is unsatisfactory, but rather from lack of statistical information than from any inherent inadequacy. The buying power of an income depends, of course, on retail prices, and retail prices are not always just criteria of wholesale. There is likewise a great deal of fluctuation in the figures that represent this relation, and what is more to the point, the fluctuation is one that cannot be measured except by observations of a very minute kind covering a series of years under diverse conditions of trade and manufactures. It is, therefore, as Mr. Leslie argues, unsound to refer the whole rise in prices of late years to the plenitude of gold, though it is manifestly sound to regard this supply as one of the principal impulses; and did Mr. Jevons' economical tables cover the whole advance in the cost of living, instead of a fraction of it, they would still fail to show the proportion of that advance which is to be attributed to the modern discovery and diffusion of gold. For, as everybody knows, this advance has been an irregular one, by no means affecting all departments of living in an equal degree, and affecting the lower strata less than the upper; and the conditions which have affected it are complicated with so many unknown sliding or continuous quantities, as to render the question unstatable in the form of an equation. In other words, there is an unknown x in the problem, which defies measurement, and is not sufficiently conditioned to render its value ascertainable.

Secondly, the labor movement has been instrumental in raising the cost of living, and if the gold discoveries did not start this movement, they contributed to maintain an equilibrium that would else have been more violently disturbed. They have given modern trade the power to yield considerably to the demands of a reawakening of the masses that has occurred mostly within the past fifty years. They have prevented or postponed the revolution in Europe, having distributed through a quarter of a century that which would else have broken out as a volcano. That agrarian speculation has gained so little headway among the people in Europe is probably due in a great measure to the gold supply, which rendered a gradual increase in the scale of wages feasible; and thus, while the abundance of metal has assisted revolution in one direction, it has prevented it in another and more dangerous direction. Making all allowance for differences in national temper, there is reason to conjecture that some part of the violent turn the labor movement has taken in Italy and France, as compared with the phenomena it has presented in England, may be due to the non-liberation or non-absorption of gold in sufficient quantity to meet the emergency.

In the general analysis of prices several of the elements either elude investigation or give different results under different circumstances. So many causes—not the least among which has been the growing complexity of modern civilization—have contributed to raise prices, that it is impossible to assign to the new supply of gold its proper weight.

Such is the conclusion to which many economists besides Mr. Leslie have been led. Others think that gold began to depreciate soon after the discoveries in California and Australia; that, with some interruptions, the process has continued ever since, and that as yet it is only beginning. In such a complicated question, there is much room for difference of opinion. Moreover, as less than thirty years have elapsed since the gold discoveries, and as the stupendous forces evoked are operating over an immense field, it is reasonable to suppose that the ultimate movements produced in prices will be slow and irregular. It is premature as yet for the advocates of depreciation, or for their opponents, to dogmatize. History and experience combine to show that a succession of spasms and perturbations must attend any widely diffused dislocation of prices. The disturbance of the equilibrium of value must produce oscillations of a very irregular and fitful kind, even if the average movement afterwards prove to have tended steadily upward. Thus in the sixteenth century the advance of prices, from causes analogous to those now in operation, is known to have averaged about two per cent. per annum, with many intermediate variations of advance and decline. If the same rate of yearly progress of two per cent. were to establish itself in our time, and if it began to develop itself to-day, this single cause, acting upon general prices, would bring us to specie payments in six or seven years. Of course we do not positively affirm as a demonstrated fact that this movement is actually going on. Still less do we attempt to measure its rate of progress. All we contend for is, that no economist has yet been able to disprove the existence of such a movement. Many thoughtful men believe in it. If it exists, as it probably does, it cannot fail to help us in any national efforts we may wisely adopt to resume specie payments.

The London *Economist*, in its annual trade review, has for several years past compiled a series of comparative tables of relative prices in England, in continuation of the tables of Mr. Newmarch, above referred to. It might be of great service to economic science, and it would throw much light on the questions discussed above, if some competent persons would take the pains to compile similar statistics for Germany, France and the United States. As for our own country, the materials for such comparative tables are all at hand and waiting for us in the elaborate tables of prices published by the New York *Journal of Commerce* in January and May every year.

EVASION OF THE STAMP TAX ON CHECKS.

We have lately expressed approval of the proposition that the stamp tax on checks should be repealed. This tax yields considerable revenue to the Governments of France and England. Its product in this country is shown to be about one and a half millions a year. As soon as the Treasury can dispense with this objectionable source of income we desire to see it given up. The agitation against the tax is very active in some parts of the country, and especially in the Western States. Checks are such an important part of the mechanism of modern banking, and have so much to do with the monetary economies on which the rapid growth of material wealth depends, that an enlightened policy demands their liberation from all needless fiscal burdens.

Still, we need not say to intelligent law-abiding citizens that, while the check tax remains on the statute book, it must be enforced. The Internal Revenue Department has lately announced the fact that certain banks and their customers have been guilty of habitual neglect to stamp their checks and sight-drafts. The omission of a two-cent stamp from a check seems to have been considered so venial an offense, that many people have become careless in this respect, and the banks have disliked to refuse payment of a good check lacking this little tribute to the Treasury.

In the aggregate this evasion of the law has defrauded the United States out of considerable revenue, and the Commissioner proposes to investigate and cure the evil. The penalty of neglecting to stamp a check or sight-draft is $50 in each case. It is reported from one Western bank that the revenue officers have found there over a thousand checks liable to this penalty. The only safety for a bank is to refuse to receive a check or sight-draft unless it bears the two-cent revenue stamp on its face.

The expedient of evading the stamp tax by country banks and individuals who draw their drafts on their city correspondents payable "one day after date without grace," is in direct violation of section 15 of the Act of February 8th, 1875. A copy of this section will be found on another page. Drafts drawn in this way will now cease to be negotiable. The best plan is to draw all checks and drafts in accordance with the law. This course is in harmony, not only with the duties of good citizenship, but with the rules of business policy.

As to the amount of revenue yielded by the stamp tax, we find that it is officially reported at $1,502,549·40 for the fiscal year 1873–4.

OUR FINANCIAL SITUATION AND THE REMEDY.

By Robert Morris.

No. 3.

Since the publication of my last paper (in the January number of the Magazine) our financial situation has undergone a change, which, if allowed to "work itself out" to its logical results, is destined to exert an incalculable influence on the labor, industry and commerce of the nation. This change is not merely amendatory, as is mostly the case in legislative tinkerings of imperfectly tried laws, but it is *radical-revolutionary*. I refer to that which is authorized by the Senate currency and specie payments bill passed January 7, whereby is repealed all parts of previously existing laws which constituted an obstacle to "Free Banking." The general anatomy of the National Banking System is preserved; but its primary motive, and the fundamental principle of protecting the standard and measure of value from indefinite fluctuation, are abandoned. The material provisions of the new bill are as follows:

1. The limit of the aggregate of bank-note circulation, heretofore fixed at $354,000,000, is repealed.

2. The proportion of bank-note circulation to capital remains as heretofore, at 90 per cent. of the securities pledged by all banks with a capital not greater than $500,000, while the descending scale to 60 per cent., fixed by the act of July, 1870, is of little moment, inasmuch as that act forbids, to any bank thereafter organized, a circulation in excess of $500,000.

The consequence of these measures is that all new banks may issue bills to full 90 per cent. of the securities pledged. These terms, together with the provision that any person or number of persons may enter into the banking business without let or limit as to capital, constitute all the essential conditions of what is popularly called "Free Banking."

The first attempt to establish free banking in the United States was by Mr. Charles F. Mayer, of Baltimore, who introduced a bill in the Legislature of Maryland, in the year 1831, providing that "real property and stocks" should be vested in trust as security for circulating bank notes; and on the Chancellor being satisfied of the soundness of such security, a license was to be given to the applicant, with authority to "issue and circulate notes, bills, checks, drafts, or evidences of debt to the amount, and one-fourth more, of the full value aforesaid, on the payment of one-fifth of one per cent. premium" for the privileges conferred.

The bill was rejected by the Legislature. A prior claim to whatever honor may attach to the authorship of free banking, has been set up for the Rev. Doctor McVickar, who wrote an able exposition of the principles of banking in the year 1827; but some doubt rests on the precise character of the plan which he proposed. The first article of it was as follows:

"Banking to be a free trade in so far that it may be freely entered into by individuals or associations, under the provisions of a general statute."

With more plausibility, and, I may be allowed to say, with much greater merit and honor, it has been claimed that the plan of Dr. McVickar contemplated nothing beyond the general banking law of the State of New York, which furnished the text of the National Banking System to Mr. Chase in 1862. The law of New York, as it first went into operation, was almost a literal copy of the bill that was rejected by the Legislature of Maryland as it related to the character of the securities for circulation. But it needed only a short experience to induce the New York Legislature to rescind that clause which admitted real estate and State stocks generally as a security for bank issues. The history of the North American Trust and Banking Company, with a projected capital of fifty million dollars, sufficed to convince the most ardent advocates of free banking of the folly and danger of such a wide latitude of securities. The institution failed disreputably and involved many upright capitalists in its ruin. Such is the meager history of free banking in the United States up to the time of the Sherman finance bill of January 7, 1875. The New York general law, after the limitations and amendments which the experience of a few years suggested, worked smoothly and prosperously. It was deservedly regarded as the best banking system which had yet been tried in the United States. Its career for twenty-five years was marked by as few of the casualties that commonly attend the business of banking, as might reasonably be expected in the crude state of knowledge concerning the principles of economy applied to financial organization.

It is now to be tried, under the Sherman bill, whether the financial policy of a country is of a nature to be thrown loosely on the discretion of individuals, or whether it is one of those subjects which ought to be surrounded by every possible safeguard; whether it is properly a subject for specific law, or for no law whatever excepting that which the self-interest, the ambition, and the avarice of man may prescribe. If experience proves anything with respect to the question of limiting the paper-money circulation of a country, it proves that such limitation cannot safely be trusted to the discretion of individuals, or to any thing short of positive law, with such penalties for its violation as will constitute an effective guarantee against loss on the part of the people, either by mismanagement or fraud. The money of a country is the measure of its values in every department of labor, industry

and commerce. The power of increasing and diminishing its volume is the power of governing values, which, like that of establishing a legal tender, ought to inhere in the organic law of the State, and not be under the control even of Legislatures, which are at best but transient bodies, and frequently do not represent the majority of the people. The free banking law ordained by Congress is, in effect, the making of values subject to the interests of individuals. When that interest is to be promoted, however greatly at the cost of the common good, can it be doubted which of the two will be sacrificed? I am unable to perceive what obstacle there is to prevent any powerful clique of holders of National bonds, under the Sherman law, making flood or famine in the money market, at their pleasure.

I do not wish to be understood as opposed in any narrow spirit to the present National banking system; but honestly believing, after a patient investigation of the Reports of the Comptroller of the Currency, that it has not the ability to redeem its circulation, that it never will have that ability, and that its outlying wings can never be brought to specie payments, either by the indulgence or the authority of law, I am forced to the conclusion that the sooner the country gets rid of it the better. It is my firm conviction that there is one way, and but one, by which all its valid interests may be saved, and that is by the consolidation of its separate capitals under a National charter. To show how this can be done will be the object of my next paper.

NATIONAL BANKS AND LOANS ON REAL ESTATE.

No axiom of banking is better established than that banks should not make loans on real estate. If this rule had been more faithfully obeyed, a very large proportion of the banking disasters of the last half century would have been prevented. This is as true of the English joint-stock banks as of our own. The English joint-stock bank legislation has undergone great changes in the laws of 1826, 1833, 1845 and 1862, but, strange to say, the permission to make loans on real estate has never been in any way curtailed. The reason is that the limits of legislative control have not been as clearly defined in England as here. And it has been argued that the law should not interfere with banking any more than with any other business. Hence it has happened that while the Bank of England has been subjected to restrictions, and has been obliged to publish a weekly statement of its condition, the joint-stock banks escape this responsibility. They are let off with a half-yearly statement, and are not even compelled by law to publish their reserves any oftener than once every six months. Of course this loose arrangement will not be very long-lived, and an agitation is going on in regard to it which has been several times of late referred to in our pages. In regard to real estate there is

nothing, we believe, in the English law to prevent banks from lending upon it. But several of the London banks, in their "Deed of Settlement," voluntarily prohibit their managers from making such loans. Under our best systems of State banking the prohibition was made by law. They resembled in this respect the National Bank Law of 1864.

It is well known that the National Bank Law does not allow banks to loan money directly on real estate, or to purchase real estate except for its own use in its business location. Neither can a National Bank purchase or take a mortgage on real estate, except to secure the payment of debts *previously* contracted to the bank, or of debts incurred before the taking of the mortgage.

The object and wisdom of this is plain, when we consider how injurious it might be in a rapidly growing Western city for the accumulated deposits of a bank to be controlled by a few officers, who might use them in monopolizing lands to the detriment of individual enterprise; and, on the other hand, all bankers know how embarrassing it is to have depositors call for money which is locked up in real estate. It would be well for all National Bank officers to make themselves familiar with the 28th section of the law, and especially they must remember that if a customer executes a mortgage to them, to secure the payment of any debt or overdraft of account in the future, then the bank cannot collect the mortgage under the law.

Besides this, if the mortgage is given *with* a note for discount at the bank, the law presumes that the bank takes the mortgage before parting with its money on the discount; and in this case the mortgage is not collectable, and the security is worthless.

This is a matter of vital importance now, when the customers of country banks are becoming pressed for money, and seek to fall on their farms as a last resort; and we quote a recent decision of the United States Circuit Court in the case of the Kansas Valley National Bank of Topeka *vs.* Schuyler & Sons. There the bank held such a mortgage, intended to cover any advances made by them to the mortgagors. Judge Dillon, who gave this opinion, is one of the ablest of the eight Circuit Judges of the United States, and has carefully weighed the subject. He says:

"The mortgage of which a foreclosure is sought, was made by the bankrupt for the double purpose of securing a debt to the plaintiff previously contracted, and to secure future advances, which are alleged to have been subsequently made. The mortgage is upon real estate. The bill alleges a mistake in the description of the property, and asks that this mistake be corrected and the mortgage foreclosed. The assignee files a general demurrer and insists that, under the National Banking Act of June 3, 1864 (sections 8 and 28), the plaintiff as a corporation organized under that enactment has no right to take, hold, or foreclose a mortgage upon real estate, except as a security for a debt contracted before the taking of such mortgage; that the mortgage here in question

was made upon but *one* consideration, part of which—to-wit, that part which related to future advances—is illegal, and, being so, *the mortgage is wholly void.*

"Upon the averments of the bill it is my opinion that the mortgage was made for the two purposes above mentioned, namely, to secure a precedent debt to the bank, and also to secure future advances to be made by the bank.

"I am also of opinion, under sections 8 and 28 of the National Banking Act, that a mortgage upon real estate is clearly authorized as 'a security for debt previously contracted,' and as clearly unauthorized when made as a security for money to be thereafter advanced by the bank on the strength of such security.

"The mortgage in question rests upon a valid consideration, and is authorized by the law so far as it secures a debt previously due to the bank by the mortgagor; and *it is invalid* so far as it undertook to secure a debt *then* or thereafter to be created. The line which separates that which is good from that which is bad is plain; and I am of opinion that the defendants' counsel are mistaken in supposing this to be a case in which the consideration is indivisible and the whole mortgage void. The two parts of the security are easily separable, and the result is that the good stands and the bad must fall.

"It follows that the Court may correct the mistaken description in the mortgage in suit and enforce the same, so far, and so far only, as it was given to secure a debt to the bank previously contracted. The demurrer being general, it is overruled."

What is essential to be remembered by our bank officers is, first, that the National Bank Law, section 28, allows a bank "to purchase, hold and convey real estate . . . . in good faith by way of *security for debts previously contracted*," and secondly, that the United States Circuit Court in the above decision emphatically declares that a conveyance of real estate to secure debts *afterwards* created, either overdrafts of account, or notes, or otherwise, is not valid or binding, and is worthless to a National Bank.

State Debts in Default.—A recently published statement places the aggregate of State debts in the Union in 1874 at $382,970,517, being an increase of $38,200,000 since 1870. Of this amount $164,732,000 is reported in default—the defaulting States being Alabama, on $21,350,000; Arkansas, on $12,800,000; Florida, on $3,774,000; Georgia, on $11,000,000; Louisiana, on $24,433,000; Minnesota, on $2,275,000; Mississippi, on $7,000,000; North Carolina, on $24,900,000; South Carolina, on $13,200,000; and Virginia, on $46,000,000. Of the total State debts, $92,924,000 is estimated to be held abroad, and of the amount in default, $54,174,000 is held abroad. The debts in default bear an average interest of about seven per cent. Two of the defaulting States, Georgia and Minnesota, have disowned the debts; others, like Mississippi, Louisiana, and South Carolina, have repudiated them; and others, like North Carolina and Virginia, declare their inability to pay—Virginia, because the new State of West Virginia refuses to assume its just share of the indebtedness.

ANOTHER FINANCIAL BILL.

Nine Hundred Million Dollars Specie Wanted.

To the Editor of the Banker's Magazine:

Distrust of the "free banking" and specie payment bill of Senator Sherman is already manifested in the House of Representatives by the announcement of a substitute. It is not likely, however, that the Senate can be brought to act upon another financial measure within the closing days of the session. The smoke of the battle for the next Presidency already obscures the sight, and pushes out of cognizance every other issue. The fourth day of March, 1877, is the earliest time to which we can look forward with the least hope of any effective legislation on the subject of the finances. Meanwhile we are under the "free banking" and "specie paying" bill of the Hon. John Sherman, of Ohio. It may be of some service to analyze that bill, for the purpose of discovering what possible good may be effected under it in the direction of the grand desideratum—specie payments. We may premise that the principal feature of it, which is the accumulation of nearly $400,000,000 of gold and silver coin in the Treasury of the United States on the first day of January, 1879, is of itself an undertaking of such magnitude as to challenge our belief in the possibility of it. The manner in which the precious metals accumulate in any one place is well understood to be by the continuous credits of commerce. The oft-repeated simile of water gravitating to its natural level indicates the law. It is the common agreement of the world, the United States included, that gold, and gold only (or silver), shall liquidate international debts. Wherever there is debt, there gold must go to pay it; and for no other purpose, nor by any other process, can the precious medium be transferred. What, therefore, has the Congress of the United States done, in that act of legislation by which it declares the Secretary of the Treasury shall have on hand on the first day of January, 1879, the prodigious sum, in gold and silver coin, of $400,000,000?* It has virtually declared that our exports shall exceed our imports by that much up to the date named; for how otherwise could the gold come to us? But does not the law authorize the Secretary of the Treasury to issue bonds for the absolute purchase of gold to the extent required? True; but to purchase gold is one thing, to keep it in the country is another thing. The state of our foreign commercial account at the time will settle the question. If that be favorable, the gold will come without purchase by the common terms of international liquidation; if it be

* $300,600,000 to redeem the legal-tender notes, and nearly $100,000,000 as a prudential reserve to meet the interest on the National debt.

unfavorable, the gold purchased will flow back again by those same terms. The solitary example that occurs to us in which a National emergency was warded off by the purchase of gold in a foreign market, notwithstanding an adverse exchange, is that of the late Emperor Napoleon, who caused large sums to be imported from England, nominally to aid the Bank of France. This was a transient emergency; and it succeeded because there was nothing in the state of the commercial account of France with other markets to maintain a continuous outflow of specie, as there is with the United States. It is to be apprehended that the Chairman of the Committee on Finance, and the majorities in the two houses by which the absurd measure of attempting to force the country into specie payments was passed, were little troubled with any laborious investigation into the means by which the Secretary of the Treasury is to get his $400,000,000 of gold coin on the first of January, 1879. At this very moment Congress is puzzling its brains to raise the one-tenth part of that sum to supply a deficiency for immediate wants. Why has not the Chairman of the Finance Committee applied the same expedient to raise the $40,000,000, that he apparently deems adequate to produce the $400,000,000? That which suffices for the larger, is it not equal to the smaller? Or must we settle to the conclusion that the Chairman of the Finance Committee is not ignorant of the part that commerce plays in these great affairs—that he is well convinced of the trifling character of the legislation with which the country is to be deluded while the next two years shall glide into the past, and devolve the disgrace of failure on a new party! All intelligent people are gravitating to this view of the case, and we believe that the time is near at hand when the responsibility for the bad state of the Treasury will be laid at the door of those ignorant and incapable law-makers to whom it justly belongs.

Every other view of this extraordinary case aside, it is an impossible thing to accumulate, in any one market on the face of the earth, such a vast amount of gold and silver coin as the Sherman bill calls for. The average bullion reserve of the Bank of England, for the past thirty years, has not exceeded $80,000,000. In that great institution, if anywhere, with the largest trade and commerce of the world to back it, would it be possible to gather anything like the vast sum which our Secretary of the Treasury is under Congressional orders to amass? We hazard nothing by the assertion that, if the British Government should impose such a task on the Chancellor of the Exchequer, the whole commercial world would rise in rebellion against it, and the result would be a general disorganization of the business of all countries, and at last an inglorious failure of the audacious experiment.

If we take a casual view of what is going on at this moment, and at what experience abundantly teaches us must continue to go on, far beyond the interval of grace allowed Secretary Bristow

for the achievement of his greater than herculean labors, we shall need no further instruction to convince us of the utter hopelessness of our financial situation under its present régime. First, there is $100,000,000 of gold, or its equivalent, exported yearly for interest on the debt. The estimated gold interest on railway bonds and other obligations is given at $40,000,000. We can hardly hope to escape a considerable addition to these figures on commercial account. If we place the annual drain of gold, for the four years to come, at $150,000,000, we shall have an export of $600,000,000 to provide for between the present time and the first day of January, 1879, which, added to the $300,000,000 for the redemption of the legal-tender notes, gives an aggregate requirement of $900,000,000 for the coming four years! Our annual product from the mines is about $60,000,000 a year. Where is the rest of the "pile" to come from? Since the gathering of it must be a progressive work, and the result of commercial dealings, we warn Secretary Bristow that there is not a day to be lost in preparation for the grand achievement.

Among other expedients to lift ourselves out of the bog of suspension, is that of *borrowing*—which, we apprehend, would be found impracticable. If Mr. Bristow should, or *could*, borrow three or four hundred million dollars, he could not borrow the rate of exchange! It might not prove impossible to get up another syndicate of foreign bankers of which to make such a loan; but what would that be in effect, different from the selling of bonds? The latter would, after all, be the better expedient, as it is the simpler. But what a farce for the nation that is constantly proclaiming itself replete with the richest resources in the world—the nation that has been making the world ring with its boast of having paid off some four hundred million dollars of its debt (Boutwell, Fin. vol., p. v.) to turn beggar, hat in hand, to borrow it back again from those nations whom we have taunted with inability to pay their own creditors their just dues! Is not this a picture to laugh at? The discovery forces itself upon us at length, that our reduction of debt is a seeming rather than a reality—that it is no more than shifting the place of the debt from one ledger to another! It is to be hoped that we may add to this another discovery, viz.: That it is unworthy of a great nation to resort to mere expedients of financial jugglery to lighten its burdens, instead of cultivating its solid reserves of wealth, and profiting by the experience of other nations in organizing its financial methods harmoniously with the principles of scientific economy.

J. S. G.

THE BANKING LAWS OF PENNSYLVANIA.

The annual message of Governor Hartranft, to the Legislature of Pennsylvania, takes strong ground against existing facilities in that State, for the incorporation of banks, savings banks and trust companies. It urges such enactments as shall more clearly define their powers and privileges, and shall guard the interests of the public, while duly encouraging the proper investment of banking capital. The message furnishes the following statements and opinions:

"We have in the State one hundred and ninety-nine National banks, whose capital is about $52,000,000, and one hundred and seventeen State banks, and savings institutions, whose capital, actually paid in, as per Auditor General's report of 1874, was $8,370,168.85; in all, three hundred and sixteen banks and savings institutions, with an aggregate capital of $60,000,000. For the proper regulation of National banks we are dependent upon the National Government. For the regulation of State banks, savings funds, and trust companies, the State Government is responsible to its people, and as it is probable a bill for the enactment of a general law, in compliance with the provisions of the new Constitution for the organization of banks, may come before you at this session, I invite your special consideration thereto. In my last annual message I called attention to the vicious practice that had grown up in the State, of incorporating banks, savings and trust companies, without fixing proper and definite limitations to their powers and privileges, and providing for their enforcement. In the enactment of a general law, whereby they can be organized without limit, it is of the highest importance to the business interests of the people, and the material development of the State, that their powers and privileges be clearly defined, and any violation thereof should subject them to proper penalties or the forfeiture of their charters.

"The charters of these State banks and institutions were mostly granted within the past few years, and many of them possess powers and privileges which should never have been conferred. The Auditor General's report of 1874 shows they had over $23,000,000 of deposits. Some of them are averaging $10, $20, $30 and $40 of deposits for each dollar of capital stock paid in; depending, in some instances, almost entirely upon their deposits for banking facilities. These are obtained by offering usually six per cent. interest, and loaned back to the community in which they are borrowed at higher rates of interest.

"These banks and savings institutions act as 'middle men' between the lender and the borrower, resulting in the rates of interest advancing wherever they are established. That these banks and institutions, with rare exceptions, charge interest greatly in excess of legal rates is notorious; that excessive rates of interest

enrich the few and impoverish the many is equally undeniable, and the public welfare demands that a policy so injurious should be avoided. The large majority of these State institutions are styled savings banks; with few exceptions, their resemblance to properly regulated savings banks exists only in name. * * *

"I also suggest that in any general law that may be enacted for the organization of banks, they be required to have a reasonable amount of capital stock, not less than $50,000, and to pay it up within one year after organization; that the stockholders be made personally liable for double the amount of stock held by them respectively, and they be prohibited from charging or receiving interest above legal rates; and that this prohibition be extended alike to securities discounted or purchased. I also renew my suggestions that they be made subject to examinations, required to publish quarterly statements, under oath, and to retain in their vaults a cash reserve of ten per cent. of their net liabilities."

NEW ACTS OF CONGRESS.

EXTRACTS FROM "AN ACT TO AMEND EXISTING CUSTOMS AND INTERNAL REVENUE LAWS, AND FOR OTHER PURPOSES," APPROVED FEBRUARY 8th, 1875.

SEC. 15. That the words "bank-check, draft, or order for the payment of any sum of money whatsoever, drawn upon any bank, banker, or trust company, at sight or on demand, two cents," in Schedule B of the Act of June thirtieth, eighteen hundred and sixty-four, be, and the same are hereby, stricken out, and the following paragraph inserted in lieu thereof:

"Bank-check, draft, order or voucher, for the payment of any sum of money whatsoever, drawn upon any bank, banker, or trust company, two cents."

SEC. 19. That every person, firm, association other than National bank associations, and every corporation, State bank or State banking association, shall pay a tax of ten per centum on the amount of their own notes used for circulation and paid out by them.

SEC. 20. That every such person, firm, association, corporation, State bank, or State banking association, and also every National banking association, shall pay a like tax of ten per centum on the amount of notes of any person, firm, association other than a national banking association, or of any corporation, State bank, or State banking association, or of any town, city, or municipal corporation, used for circulation and paid out by them.

SEC. 21. That the amount of such circulating notes, and of the tax due thereon, shall be returned, and the tax paid at the same time, and in the same manner, and with like penalties for failure to return and pay the same, as provided by law for the return and payment of taxes on deposits, capital, and circulation, imposed by the existing provisions of internal revenue law.

THE SINKING FUND.

Congress passed three successive laws in regard to the Sinking Fund prior to the bill introduced 10th February by the Committee on Ways and Means. To carry out the provisions of those three previous statutes, 35 millions of dollars of revenue are computed to be necessary. This sum, the committee's bill proposes to raise by new taxation. The Secretary of the Treasury has expressed his earnest desire to carry out the provisions of the Sinking Fund law, for two reasons. First, because these provisions must be obeyed, so long as they are the law of the land; and secondly, because the credit of the Government, and the efforts of the Syndicate to float the new five per cents., will be aided.

The Sinking Fund arrangements by which the old debt of the United States was extinguished, form no part of our present argument, though the progress of that fund was extremely interesting. Our present sinking fund was created by the Act Feb. 25, 1862, which authorized a war debt of $650,000,000, for the security of which it provided that the customs duties should be paid in coin. This coin was directed to be used for three purposes only: First, to pay the interest on the public debt. Secondly, for "the purchase or payment of one per centum of the entire debt of the United States, within each fiscal year after the first day of July, 1862, the bonds to be set apart as a sinking fund, and the interest upon them to be in like manner applied to the purchase or payment of the public debt as the Secretary shall from time to time direct." Thirdly, the residue of the coin received for customs duties was directed "to be paid into the Treasury of the United States."

Every one knows that without a surplus revenue a sinking fund is impossible. During the war no such surplus existed, hence the Sinking Fund law was in abeyance until Congress, by joint resolution of 17th March, 1864, gave the Secretary of the Treasury permission to sell gold from the Treasury, but added a proviso that "the obligation should not be impaired to create the sinking fund, as provided in the Act of 25th February, 1862." Of course it was absurd to borrow money for the mere purpose of putting it into the sinking fund; and as the pressure of the war debt was very heavy, the disbursements of the Government required that the whole revenue should be paid directly into the Treasury, to be used for the ordinary expenses of the Government. On the 12th May, 1869, Mr. Boutwell, who was then Secretary of the Treasury, purchased one million of bonds for the sinking fund at 83.22 in coin. This was the first transaction under the Sinking Fund law. The last of these transactions took place under Mr. Richardson, on the 24th September, 1873. The bonds pur-

chased during the interval of nearly four years and a-half amounted to $323,253,800, and cost in gold about $307,702,207.

Since September, 1873, no bonds have been purchased for the sinking fund, inasmuch as the Treasury has had barely sufficient revenue to meet its other disbursements, the surplus last year amounting to no more than $2,344,882. The third statute to which we referred is found in the 6th section of the funding law of 14th July, 1870. This law was passed when Mr. Boutwell, after carrying on his bond purchases during fifteen months, had accumulated about 130 millions in the sinking fund. This statute required these bonds to be canceled, instead of being allowed to accumulate as before. It provided that a record of the bonds so destroyed should be first made in the books of the Treasury Department, and that the amount of the bonds of each class that have been canceled should be deducted respectively from the amount of each class of the outstanding debt of the United States. To provide means for this purpose the statute of June, 1870, further enacted that "the amount so to be applied is hereby appropriated annually for that purpose out of the receipts for duties on imported goods."

These three statutes now constitute the law of the United States controlling the sinking fund. Their provisions are all contained in the digest of the laws of the United States just published. In this digest the various sections read as follows:

SEC. 3693. The faith of the United States is solemnly pledged to the payment in coin, or its equivalent, of all the obligations of the United States not bearing interest, known as United States notes, and of all the interest-bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligation has expressly provided that the same may be paid in lawful money, or other currency than gold and silver. But none of the interest-bearing obligations not already due shall be redeemed or paid before maturity, unless at such time United States notes are convertible into coin at the option of the holder, or unless at such time bonds of the United States, bearing a lower rate of interest than the bonds to be redeemed, can be sold at par in coin. The faith of the United States is also solemnly pledged to make provisions, at the earliest practicable period, for the redemption of the United States notes in coin.

SEC. 3694. The coin paid for duties on imported goods shall be set apart as a special fund, and shall be applied as follows:

First. To the payment in coin of the interest on the bonds and notes of the United States.

Second. To the purchase or payment of one per centum of the entire debt of the United States, to be made within each fiscal year, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall from time to time direct.

Third. The residue to be paid into the Treasury.

SEC. 3695. All bonds applied to the sinking fund, and all other United States bonds redeemed or paid by the United States, shall be canceled and destroyed. A detailed record of the bonds, so canceled and destroyed, shall be first made in the books of the Treasury Department. The amount of the bonds of each class that have been canceled and destroyed shall be deducted respectively from the amount of each class of the outstanding debt of the United States.

SEC. 3696. In addition to other amounts that may be applied to the redemption or payment of the public debt, an amount equal to the interest on all bonds belonging to the sinking fund shall be applied, as the Secretary of the Treasury shall from time to time direct, to the payment of the public debt.

SEC. 3697. The Secretary of the Treasury is authorized, with any coin in the Treasury which he may lawfully apply to such purpose, or which may be derived from the sale of any of the bonds which he may be authorized to dispose of for that purpose, to pay at par and cancel any six per centum bonds of the United States of the kind known as five-twenty bonds, which have become, or shall hereafter become, redeemable by the terms of their issue. But the particular bonds, so to be paid and canceled, shall in all cases be indicated and specified by class, date, and number, in the order of their numbers and issue, beginning with the first numbered and issued, in a public notice to be given by the Secretary of the Treasury, and, in three months after the date of such public notice, the interest on the bonds, so selected and advertised to be paid, shall cease.

SEC. 3698. The Secretary of the Treasury shall cause to be paid, out of any money in the Treasury not otherwise appropriated, any interest falling due, or accruing, on any portion of the public debt authorized by law.

SEC. 3699. The Secretary of the Treasury may anticipate the payment of interest on the public debt, by a period not exceeding one year, from time to time, either with or without a rebate of interest upon the coupons, as to him may seem expedient; and he is authorized to dispose of any gold in the Treasury of the United States not necessary for the payment of interest of the public debt. The obligation to create the sinking fund shall not, however, be impaired thereby.

MR. CHASE AND THE TREASURY.—A letter to Judge Whittaker, of New Orleans, from the late Chief Justice Chase, dated at Cincinnati, November 21, 1864, has recently been published. It contains the following reason for his resignation of the Treasury Department, and his confidence in what could be done by its head:

"I never thought much of position in itself; as an opportunity for useful labor, in a good cause only, have I thought it specially desirable. I resigned the Secretaryship of the Treasury because I did not think I could hold it longer usefully to the country or honorably to myself. I did not resign because I saw any difficulty in the financial position which judicious administration and legislation could not easily overcome. On the contrary, I would have been willing to give bond and security to the amount of all I have, that if supported according to my judgment of what was expedient and fit, I would make every greenback and National bank note par with gold in a year; or, if thought wiser, within six months."

SAVINGS BANKS IN FRANCE.—The returns of the Paris Savings Banks for the past year show that the class of the community which patronizes that institution is slowly recovering from the effects of the war and the Commune. The deposits amounted to nearly 14,500,000 francs, while in 1873 they were 13,500,000, and in 1872 only 12,629,000 francs. In former years they reached 23,500,000. The repayments were 55,000 francs less in 1874 than in 1873; the number of depositors increased from 240,000 to 245,000, and the gross sum held by the bank is 37,857,000 francs, being an increase of 1,100,000 francs. The *Republique Francaise* which gives these statistics, advocates the introduction of penny and school banks, in order that France may recover its high position among the nations, the laboring classes of which are distinguished for their thrift.

INQUIRIES OF CORRESPONDENTS,

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. SHOULD POST-DATED CHECKS BE PROTESTED FOR NON-ACCEPTANCE?

——— OHIO, December, 1874.

We are in the habit of protesting for non-acceptance all checks dated ahead, and claim this to be the correct practice. Please express your opinion. These post-dated checks are a nondescript, and a nuisance. Parties may as well draw time-checks, like drafts; then every one will understand them.

——— OHIO, December 31, 1874.

John Smith, a depositor of this bank, draws his check for $100 on this day, but dates it January 15, 1875, making it payable to the order of Richard Roe, resident of New York, who endorses it over to his bank. His bank sends it to a bank at this place for collection and returns. On January 12th such bank presents it at our office and *demands acceptance.*

I hold that as the check is not due, I cannot pay it; that I cannot accept without certifying it to be good. The depositor's account is good for the amount on the 12th, but may not be on the 15th. To certify it on the 12th, I must charge depositor with it, thus diverting funds from uses other than he may have intended. Is our neighbor bank justified in protesting check on the 12th for non-acceptance?

REPLY.—As both the above come from the same place, it is to be inferred that each refers to the same transaction, although a post-dated check, and a check payable at a day subsequent to its date, are quite different in the eye of the law. The former is simply a check, and to be treated only as such. It is payable, absolutely, on the day of its date, or any time thereafter. The latter occupies an uncertain status, for the decisions of high legal authorities have alternately fixed it as a check and as an inland bill of exchange. In view of this uncertainty, and the risk and annoyance involved, we do not wonder that one of our correspondents vigorously condemns such checks. But if received for collection, it is not his duty to demand acceptance before their maturity, and still less is it the duty of the bank upon whom drawn to accept them. The latter would be clearly wrong in so doing, for either acceptance or payment before maturity, would be entirely at its own risk.

We give the substance of Morse's summary of this question, in his excellent treatise on the Law relating to Banks and Banking, a book which should be in the hands of every banker in the land.

Treating generally of an instrument dated on a certain day, and by some form of words made payable at a day certain thereafter, it is probable that between the array of opposing authorities the preponderance will be considered to lie in favor of the doctrine that such paper is not to be considered as a check, but as an inland bill of exchange, and so as entitled to grace. The cases which sustain this view are numerous, and some of them have been rendered by tribunals entitled to command great respect. . . . .

Upon the other side the authorities are few, and derive their weight chiefly from the influence which attaches itself to the opinion of one who has had so

much to do with the molding of American law as Mr. Justice Story. His opinion, delivered in the matter of Brown, is an elaborate disquisition, in which many questions concerning the law of checks are treated with much learning and clearness. He lays down very positively, in an argument of considerable length, that an instrument having the general form and characteristics of a check, save that, being drawn and dated on a certain day, it is made payable on a future day named, is payable on and after such day, immediately upon presentment, without grace. He well remarks that the parties, by using the common form of a bank check, an instrument to which the peculiarity of carrying no grace is well known to be inseparably attached, signify that they propose to execute and issue a bank check, and not any other species of business paper whatsoever; wherefore they impliedly authorize and direct the bank to treat the document as a check—that is, to pay it immediately upon presentment and demand on any day on or after that specially named for payment. . . . . Strong as Judge Story's argument is, the weight of judicial authority is clearly very preponderant in the opposite scale. Further, it will be observed that the latest decisions tend quite uniformly to the view that all such hybrid instruments, which are ordinary checks in all saving the naming of a future day for payment, but in that respect are bills of exchange, take their legal character from this last important feature, and bear grace accordingly. The influence of New York decisions upon matters of financial law is, of course, of immense weight; and these, backed by the troop of lesser authorities which have already adopted the same view, will, doubtless, finally suffice to settle the law for the country. The advantage of having the question definitely settled would be so great that the community will probably be well satisfied with a conclusion in either direction.

. . . .

A post-dated check with us has no peculiar characteristic whatsoever distinguishing it from an ordinary check, beyond the mere fact of its bearing a date subsequent to the day of its actual writing and delivery. On that date, or after it, it is payable immediately, just like any other check. We are now speaking of post-dated checks strictly, and not of instruments having the general form of checks, but naming a day certain, or a certain number of days after date for their payment. The construction and legal qualities of these instruments have been already discussed. But the simple post-dated check proper has none of their traits, neither is it subject to any of the questions which have been mooted concerning such other nondescript or mongrel documents. There is no possible pretense for claiming days of grace upon it. It is simply and unquestionably payable on demand so soon as the day of the date comes round; but it is the bank's own risk if it pays before that day. Such a payment is irregular, and circumstances may easily supervene under which the bank will be held to pay the amount again, or to restore it to the credit of the drawer, if it has debited him with it; which, however, it has no right to do. For it is unquestionable that in the interval between such irregular payment and the day of the date when the payment could be properly made, the amount ought still to be left standing to the credit of the drawer. The bank has no right to charge him with the disbursement till the time comes when the disbursement could be properly made on his account. His check is no order till it has matured. So if, in the interval, he continues to draw checks, the bank must continue to honor them upon presentment, so long as his account, without decrease by the debit of this item, is sufficient to meet them until the day of the date arrives. When that day does arrive the bank may, of course, appropriate the sum it has paid out. But if then the intervening drafts have so diminished the depositor's balance that the remainder is not enough to meet the amount of the post-dated check, the deficiency must be the loss of the bank, brought upon it by its own gratuitous and uncalled-for liberality. Its only source of restitution is from the depositor. Even the right to demand reimbursement from him may be taken away by his revocation in the interval before the maturity. If after the bank has paid, but before the date of the instrument gave it the right to pay, the drawer countermands his immature order and forbids payment, it is certain that the anticipatory action of the bank cannot operate to deprive him of this right.

II. Does the Certification of a Check Release the Drawer?

St. Louis, February, 1875.

Suppose a firm to pay a note in bank with their check upon another bank duly certified, and the bank certifying it to fail before the check is presented. Is the drawer of such a check liable to the party holding it, or has the holder recourse only upon the bank which certified it?

Reply.—If the bank holding a note should receive for it a check uncertified, and afterwards send it to the bank on whom drawn for certification, the drawer is, by the act of certification, unquestionably released. But if the party owing the note bring, in payment of it, a check already certified, he is in effect an *indorser after certification*, and in our judgment is just as much held as if the check were not certified. In the one case, the holder of the note has an opportunity to get the money for the check, but takes the certification in its stead. In the other case the holder is entitled to a reasonable time to get the money. If, instead of collecting the certified check on the same day, the bank deposits it in the Clearing-House in the ordinary way, we should say that the drawer (if the payer of the note) is still liable.

III. The Certification of Altered Checks.

——— Conn., January, 1875.

The circular of a New Jersey concern selling stamping machines says: "It is now decided that he who gives a check is responsible for the full amount said check calls for when paid at bank, provided said check bears no evidence of being altered." If there is such a decision, it is worth noticing in your Magazine. Do you know of it, and have you called attention to it?

Reply.—There has been a decision by the U. S. Circuit Court at Philadelphia (see Banker's Magazine for November, page 392), against the drawer of a check which was altered before its payment, but the case was an exceptional one. The check was drawn up by the book-keeper of the drawer; a blank left before the written amount (one hundred) and the word "Twenty" then filled in. It was a case of clear *negligence* on the part of the drawer, and nothing in the appearance of the check could enable the bank to suspect or detect any fraud, especially as the money was drawn by the clerk, who habitually obtained such funds in person.

The stamp seller is evidently trying to make a good deal of hay with a very small gleam of sunshine.

IV. The Right to Retain a Debtor's Deposit.

——— Pa., February, 1875.

This bank holds a note of John Smith, maturing some weeks hence. Smith says he is unable to pay the note at maturity, and will require an extension. He is closing up his business, and has signified his intention of leaving the country. He has $175 to his credit on our books. Should a check of Smith's for this amount be presented before the note matures, would we have the legal right to refuse it, and to hold the funds as collateral for the payment of the note?

Reply.—The bank holding funds to credit of John Smith cannot refuse to pay his check for the amount by reason of holding his note not yet due. The only remedy is by means of an attachment suit, which might tie it up for the intervening time. The grounds for the attachment must be determined by the laws of the State.

BOOK NOTICES.

The Banker's Code: a Compilation of the Laws of the State of New York relating to Incorporated, Associated and Individual Banks, National Banks, Savings Banks; Loan, Trust, Mortgage, Guaranty, Security and Indemnity Companies; with an Appendix containing Forms for the Organization of Banks and Savings Banks, and an approved Form of Charter of Savings Banks. By DANIEL SHAW, *Late Superintendent of the Banking Department of New York.* Albany: Weed, Parsons & Co., 1875.

Mr. Shaw here attempts to supply a want which has often been the subject of comment. His work will be useful not only to bank officers, but to managers of savings institutions and to the general public. It is the only book recently published in which the precise condition of the laws affecting moneyed corporations, banks and savings institutions, can be easily ascertained to the latest date. In the State of New York those laws have been so often revised and amended that it is not unusual for lawyers of experience to spend much valuable time in the task of tracing the numerous amendments in the statutes of successive years. The text of the laws of this State relative to banks, savings institutions and insurance companies, has been carefully compiled by Mr. Shaw, in sixteen chapters, in which the precise words of the statutes are given, with the proper references to the Revised Statutes and to the recent enactments by which the law has since been modified. We need not show how useful such a compilation must be to business men and to persons interested in the management of banks and financial corporations. The book ought also to be found in the office of every broker and private banker. As an aid to the intelligent discussion of the proposed legislation relative to our savings banks in this State, the book may also render timely service.

The Political, Personal and Property Rights of a Citizen of the United States: How to Exercise and How to Preserve Them, together with (1), *Treatise on the Rules of Organization and Procedure in Deliberative Assemblies, and* (2) *a Glossary of Law Terms in Common Use.* By THEOPHILUS PARSONS, LL. D., *ex-Professor of Law in Harvard College.* Hartford: S. S. Scranton & Co., 1874.

Americans, as has often been said, are more given to the study of the various branches of political science than any other nation of modern times. However this may be, it is certain that we have a greater number of popular works on these topics than have been published of late years in Europe. One of the latest and best of these works is now before us. Professor Parsons is well known as one of our most successful teachers of commercial jurisprudence. This book consists of 744 pages of closely printed matter, and is furnished with an elaborate index, and glossary of law terms in common use. The political, the personal, and the property rights of our citizens are clearly expounded in the body of the work, which thus forms a compendium of municipal and commercial law. In the appendix the rules for organization and procedure form the subject of a separate treatise. Under each head a variety of statistical and general information is given, which adds much to the general interest of the book, and will make it extremely useful to a large class of

persons at home and abroad who wish to become acquainted with our polity. Every youth on entering financial or commercial life requires to possess just the kind of information which this book supplies. Its language is simple and untechnical, and it contains the substance of some of the previous works of Professor Parsons with his latest revision.

Politics for Young Americans. By CHARLES NORDHOFF. Harper & Bros. 1875.

The admirable series of educational works by which the Harpers have obtained so much reputation during the last quarter of a century will doubtless command for this little book a considerable sale. It contains the Articles of Confederation of 1778, the Constitution of the United States with its fifteen amendments, the Declaration of Independence of 4th July, 1776, and Washington's Farewell Address, issued 17th September, 1796. As a preparation for the profitable study of these documents, Mr. Nordhoff has written a treatise of forty-three chapters on various topics of political and financial interest. This treatise is made up of a number of essays, some of which are extremely valuable, while others bear the marks of hasty and imperfect investigation. With a little careful modification and judicious pruning, this work might easily be made a valuable school-book.

"*Money and Finance—the Best Currency in the World.*" By Mr. D. C. COLLINS, of Covington, Kentucky.

We have received a well-written pamphlet with this title, the aim of which is to prove the disputed and oft-reiterated theory that "greenbacks" redeemable in gold and silver would be a far preferable currency to that of the present National Banks. And we heartily coincide with the proposition in this plain and unvarnished character. The writer advances some points, however, that do not command our immediate assent. "The nation is sovereign over money (gold and silver), and should also be over its most important substitute," (currency). The only constitutional power that the Government has over gold and silver is to coin those metals and declare the value of the coins. Every thing else belongs to the people. The Government is agent for the people. The fact that, by a certain policy, the Government accumulates and holds in perpetual limbo nearly all the gold that comes into the country, gives it no mastery over it, further than to disburse it according to law.

The proposition of Mr. Collins would involve the necessity of converting the Sub-Treasury into a bank, with all the machinery of current redemption of its issue of Treasury notes. These notes must then, by some means or other, be put in circulation again, and the circuit of issue and redemption be kept alive. If there is any other way of "going through" on Mr. Collins's "line" we would be glad to know it. He does not "propose," he says, "that the nation or its treasury should be converted into a bank—far from it—but simply that it should furnish a uniform circulating medium, judiciously adjusted and sufficient for the commercial wants of the entire country, provide for its payment in money, the same as all of the obligations of the Government are, and should be, provided for, and then stop."

There are parts of Mr. Collins's pamphlet relating to the conferring of special privileges on bankers, and the advantages of free banking, which are well worthy of consideration. With respect to the supply of the precious metals, he says with truth that "the only sources are the earth and foreign commerce, and in this country the nation can regulate and control both of them."

NATIONAL BANKS OF THE UNITED STATES.

December, 1874.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National banks of the UNITED STATES, at the close of business on the 31st of December, 1874, and also on September 12th and December 26th, 1873.

LIABILITIES.	1874. *December* 31, 2,027 *banks.*	1873. *December* 26, 1,976 *banks.*	1873. *September* 12, 1,976 *banks.*
Capital stock paid in	$495,802,481	$490,266,611	$491,072,616
Surplus fund	130,485,641	120,961,267	120,314,499
Undivided profits	51,477,629	58,375,169	54,515,131
National bank notes outstanding	331,193,159	341,320,256	339,081,799
State bank notes outstanding	850,775	1,130,585	1,188,853
Dividends unpaid	6,088,845	1,269,474	1,402,547
Individual deposits	682,856,249	540,510,602	622,685,563
U. S. deposits	7,492,307	7,680,375	7,829,327
U. S. disbursing officers	3,579,722	4,705,593	8,098,560
Due to National banks	129,188,671	114,996,666	133,672,732
Due to State banks and bankers	51,629,602	36,598,076	39,298,148
Notes and bills re-discounted	6,365,652	3,811,487	5,987,512
Bills payable	5,398,900	7,754,137	5,480,554
Aggregate Liabilities	$1,902,409,638	$1,729,380,303	$1,830,627,845

RESOURCES.			
Loans and discounts	$950,898,978	$856,816,555	$944,220,116
Overdrafts	4,963,602	....	....
U. S. bonds to secure circulation	382,976,200	389,384,400	388,330,400
U. S. bonds to secure deposits	14,714,000	14,815,200	14,805,000
U. S. bonds on hand	15,290,300	8,630,850	8,824,850
Other stocks, bonds, & mortgages	28,313,473	24,358,125	23,709,034
Redeeming and reserve agents	80,488,831	73,032,046	96,134,120
Due from other National banks	48,100,842	40,404,757	41,413,680
Due from State banks & bankers	11,655,573	11,185,253	42,022,873
Real estate, furniture and fixtures	39,190,683	35,556,746	34,661,823
Current expenses	5,510,566	8,678,170	6,985,436
Premiums paid	8,626,112	7,987,707	7,752,843
Checks and other cash items	14,005,517	12,321,972	11,433,913
Exchanges for Clearing-House	112,995,317	62,881,342	88,926,003
Bills of other National banks	22,508,036	21,403,179	16,103,842
Bills of State banks	24,300	....	....
Fractional currency	2,392,668	2,287,454	2,302,775
Specie on hand	22,436,761	26,907,037	19,868,469
Legal-tender notes	82,751,791	108,719,506	92,522,663
U. S. certif. for legal-tender notes	33,523,000	24,010,000	20,610,000
5 per cent. redemption fund	16,935,063	....	....
Due from U. S. Treasurer other than 5 per cent. Red'n Fund	4,108,020	....	....
Aggregate Resources	$1,902,409,638	$1,729,380,303	$1,830,627,845

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements.

Debt Bearing Interest in Coin.

	Jan. 2, 1875.		*Feb. 1, 1875.*
Bonds at six per cent	$ 1,157,085,100	..	$ 1,157,085,100
Bonds at five per cent	556,525,200	..	562,025,200
	$ 1,713,610,300	..	$ 1,719,110,300

Debt Bearing Interest in Lawful Money.

Certificates of indebtedness at 4 per cent	$ 678,000	..	$ 678,000
Navy pension fund at 3 per cent	14,000,000	..	14,000,000
	$ 14,678,000	..	$ 14,678,000
Debt on which interest has ceased	19,122,390	..	11,343,260

Debt Bearing no Interest.

Old demand and legal-tender notes	$ 382,072,317	..	$ 382,072,147
Certificates of deposit	41,200,000	..	45,405,000
Fractional currency	46,390,598	..	45,037,074
Coin certificates	23,540,600	..	24,655,300
	$ 493,203,515	..	$ 497,169,522
Total debt	$ 2,240,614,206	..	$ 2,242,301,082
Interest	39,724,477	..	26,908,225
Total debt, principal and interest	$ 2,280,338,683	..	$ 2,269,209,307

Cash in the Treasury.

Coin	$ 82,587,449	..	$ 69,465,084
Currency	13,952,931	..	10,343,050
Special deposit held for redemption of certificates of deposit, as provided by law	41,200,000	..	45,405,000
	$ 137,740,381	..	$ 125,213,135
Debt, less cash in the Treasury, Jan. 1, '75	$ 2,142,598,302	..	
Debt, less cash " " Feb. 1, '75	......	..	$ 2,143,996,172
Increase in debt during the past month	$ 3,659,967	..	$ 1,397,870
Increase of debt since June 30, 1874	489,939	..	907,931

Bonds Issued to the Pacific Railway Companies, Interest Payable in Lawful Money.

Principal outstanding	$ 64,623,512	..	$ 64,623,512
Interest accrued and not yet paid	1,938,705	..	323,117
Interest paid by the United States	24,325,396	..	26,264,102
Interest repaid by transportation of mails, &c.	5,601,838	..	5,602,165
Balance of interest paid by the U. S.	$ 18,723,558	..	$ 20,661,936

BANKING AND FINANCIAL ITEMS.

NOTICE.—The **Second Edition** of the BANKER'S ALMANAC AND REGISTER for 1875, corrected to March 1st, is now in press. Price, $3.

THE NATIONAL BANK ACT.—A new edition, containing all Acts of Congress relating to National banks up to the present time, will shortly be issued from the office of the BANKER'S MAGAZINE. Price, $2.

NATIONAL BANK CIRCULATION.—The total number of applications received by the Comptroller of the Currency for the organization of new National banks since the passage of the Act of January 14, 1875, is forty-three, with a capital of $4,925,000. Applications from existing organizations for increased capital stock, $3,109,200. For circulation on capital already paid up, $2,997,870. The total amount of circulation required to supply the banks proposed to be organized, and upon proposed increased capital stock, is $10,229,000. The total amount of circulation issued since the passage of the Act of January 14 to new organizations, and upon increased capital stock, is $1,080,700. Total amount of legal-tender notes deposited under section 4 of the Act of January 20, 1874, $11,852,974. Total amount deposited under the same provision since the passage of the Act of January 14, 1875, $3,528,025, of which amount legal-tender notes have been deposited by banks located in the following States: New York, $1,424,000; New Jersey, $180,000; Georgia, $135,000; Missouri, $41,500; Illinois, $802,200; Michigan, $1,000; Wisconsin, $243,000; Iowa, $92,800; Minnesota, $450,000; Kansas, $45,000; Nebraska, $40,000.

The amount of circulation issued during the past month have been chiefly to banks which were in progress of organization previous to the passage of the Act of January 14, 1875, and most of the banks that are organizing deposit bonds for a considerable less amount than the amount of their capital stock. The Comptroller will report to the Secretary of the Treasury on the first of each month the amount of additional circulation issued, upon which legal-tender notes to 80 per cent. of that amount will be redeemed.

THE REDEMPTION OF FIVE-TWENTY BONDS.—The Secretary of the Treasury issued, on February 1st, a call (the fourteenth) for the redemption of $15,000,000 five-twenty bonds of 1862, to be paid on the 1st day of May at the United States Treasury, at which date interest will cease. Of this amount $12,000,000 are coupon bonds, and $3,000,000 registered bonds. The numbers are given below, and are all inclusive.

Coupon Bonds.		*Registered Bonds.*
$50, No. 4,862 to No. 8,350	......	$50, No. 1,821 to No. 2,000
$100, No. 10,501 to No. 23,100	......	$100, No. 14,151 to No. 15,500
$500, No. 7,001 to No. 11,000	......	$500, No. 8,071 to No. 8,650
$1,000, No. 20,001 to No. 36,700	......	$1,000, No. 33,351 to No. 35,700
	......	$5,000, No. 10,261 to No. 11,600
	......	$10,000, No. 13,201 to No. 15,500

INTEREST ON BANK DEPOSITS.—Mr. P. Lorrilard Ronaldo, a depositor in the Mechanics' National Bank, on having his pass-book balanced, was credited with 81 cents. Subsequently it was ascertained that the balance due him was really $6,750, which amount was paid him. Seven years had elapsed between the deposit of the money and its payment. He brought suit for interest on the amount during that period, and the case was brought to trial in the Superior Court of New York. A motion was made to dismiss the complaint on the ground that acceptance of the principal was a bar to the recovery of interest. This motion was denied. Pending a recess of the court, the case was settled by the payment of $1,800 interest.

THE STAMP TAX ON CHECKS.—The banks of Pittsburg have been in the habit of issuing checks on themselves or "clearing-house memoranda" to take up checks presented for certification, instead of marking their customers' checks "good." As these memoranda are issued in place of checks already stamped, it was thought that they did not require to be stamped, and in fact were so decided some years since by the Internal Revenue Office. The question was within a few days submitted by the Union National Bank to the Commissioner for his opinion, and he now rules that memorandum checks must be stamped.

The Internal Revenue Bureau holds that the new law requires stamps on receipts to savings banks, and on all vouchers, etc., except promissory notes. If the drawee of a draft or order writes across it "Accepted, payable at the First National Bank," the document must be stamped, unless it already bears a stamp. A draft payable one day after date without grace mnst be stamped.

THE intrusion of revenue officers into bank drawers in search of unstamped checks has been in some instances resisted by the bank officials. Among these have been the cashier of the Monongahela National Bank of Brownsville and the cashier of the bank at Freeport, Pa., who have been proceeded against, the one criminally and the other in a civil suit.

THE USE OF SAFES.—The following hints for the use of safes, and for the preservation of their contents from fire, are vouched for by good authority. Avoid fancy colored inks, as more liable to be obliterated by heat when the safe is under fire. Black inks are better. Lead pencil writing will stand heat better than either, even when the paper is burned black. Do not put the most valuable account books at the sides of the safe, as the heat coming from the outside will affect them first. Crowd the books from the sides to the center of the safe for the purpose of making them tight together, this condition enabling them to stand the heat much longer. Wood drawers are preferable to iron for cash boxes, and for small valuable papers, as wood is a non-conductor of heat, and iron a good conductor. Never use in a safe a leather wallet as a receptacle for valuable papers, as boiling water, heat 212°, will crisp and curl it, convert it into a gluey substance, and destroy the papers. When a safe has been under fire, send for an expert to open it.

CALIFORNIA.—The Stockton Savings and Loan Society, of Stockton, is one of the savings banks which transacts an active banking and exchange business, having a capital of $500,000. Their facilities are indicated in their card at end of this number.

FEMALES AS BANK DIRECTORS.—The first instance on record of the election of a lady as a member of a board of bank directors has occurred in Illinois. At the recent annual meeting of the stockholders of the First National Bank of Peoria, the name of Mrs. Lydia Bradley was placed at the head of the newly elected board of directors. Mrs. Bradley is a wealthy widow of that city, and one of the chief stockholders in the bank.

INDIANA.—The People's Bank of Messrs. William Probasco, Braun & Co., has commenced business at Lawrenceburgh, succeeding the Lawrenceburgh Banking Co. Mr. P. Braun is cashier of the new house.

LOUISIANA.—The New Orleans banks held, on January 30, 1875, $2,000,000, or 69 per cent. more currency, and $1,730,000, or 14 per cent. more deposits, than on the corresponding date of last year. This accumulation of funds, though in part due to political causes, is mainly attributed to the conservative tendencies of business and the curtailment of advances. The *Picayune* says:

"Did our merchants so desire, they could undoubtedly largely increase their business in many lines of trade; but they have wisely acted upon the lesson of the panic, and concluded to bring their business to a cash basis. Our merchants have had to correct a distortion of the commercial system unknown in other sections of the country. They have not to remove a few decayed branches, but to straighten the trunk of the tree. They have set to work manfully, and have already accomplished much. Reformations are never effected without disaster, and much suffering has undoubtedly resulted, but in the end all will be benefited by the change. If less business is being done now, it is on a safer basis, and is about as profitable."

CHARLES SPRAGUE, the venerable poet, whose death is announced in this number, was born in Boston, October 26, 1791, very near his late residence. His father, Samuel Sprague, was one of the famous Boston Tea Party. He was one of a large family, and after receiving a common-school education he entered a grocery store. When a lad he was deprived by an accident of the use of his left eye. Mr. Sprague engaged early in life in business with the late William B. Callender, but finding the enterprise unprofitable, he accepted a position in the State Bank, the duties of which left him ample time for the gratification of that love of reading which he cultivated so closely through his long life. He was connected with this bank from 1820 to 1825, and was so well known as a careful financier, that when the Globe Bank was started in 1825 he was chosen cashier, and held the position, discharging all the duties with rare fidelity, for a period of forty years, withdrawing in 1865.

MICHIGAN.—Mr. C. T. Allen continues to be the cashier of the Union City National Bank, the name of Mr. E. H. Lathrop having appeared by mistake in the BANKER'S ALMANAC AND REGISTER for 1875. The latter gentleman died in September last.

MICHIGAN COPPER PRODUCTION IN 1874.—The reported amount of copper mines in the Lake Superior district in 1874 is as follows:

	Tons.
Portage Lake District	17,068
Keweenaw District	4,146
Onontagon District	676
Total product	21,890

The value of which is about $9,000,000.

MISSOURI—The People's Savings Institution of St. Louis made an assignment on February 2d, having been forced to suspend by the absconding of its cashier, Edward Wuerpel. A partial report made by a committee of investigation shows an indebtedness to depositors of $739,000. The value of the assets is not yet ascertained.

NEW JERSEY.—The Receiver of the Union Bank of Jersey City began, on February 20th, the payment of a dividend of 50 per cent. to its depositors. The stockholders are reported to have determined upon the organization of a National Bank as soon as the affairs of the Union Bank shall be settled.

NEW YORK.—The banking firm of Kidd & Chapin, Rochester, has been merged into a new bank called the Bank of Rochester, which commenced business February 1st. It is organized under a State charter with a paid capital of $100,000; the officers being Charles H. Chapin, President; J. Moreau Smith, Vice-President, and George M. Sweet, Cashier.

THE ACCEPTANCE OF RAISED DRAFTS.—In the General Term of the Court of Common Pleas, New York, Judge Larremore holds the acceptor of a raised draft responsible for its face under certain circumstances. The plaintiffs' correspondent, Wright's Exchange Bank of Buffalo, drew a sight draft on them for $27, which was raised to $2,750. It came to H. M. Horton, of Baltimore, who sent it to Baldwin & Co., of this city, who deposited it for collection in the Continental National Bank. It was presented to the plaintiffs, August 16, 1869, who accepted it and paid it through the Leather Manufacturers' Bank. In September, White & Co. sent their monthly account to their correspondent, who discovered the fraud in draft, October 5, when they informed the plaintiffs. Meanwhile the defendant had credited Baldwin & Co., who had remitted the money to their correspondent, Horton, and the money could not be reclaimed. The plaintiffs sued the Continental National Bank to recover the amount overpaid to and by it.

Judge Larremore holds that this case is distinguished from the cases in which the certification of bank checks was involved, and applies this rule: "Where one, by his act or omission, induces another to part with his property beyond the power of reclamation, he is estopped from showing, as between such an one and himself, that such action on his part was the result of ignorance or of fraud practiced upon him. Of the two innocent parties he is the one who must bear the loss." He therefore affirms the judgment in favor of defendant.

STATE RESUMPTION OF SPECIE PAYMENTS.—A bill for the resumption of specie payments in the year 1879 was passed in the New York State Senate on February 18th by a vote of 19 to 6. It is as follows:

SECTION 1. All taxes levied and confirmed in this State on and after January 1, 1879, shall be collected in gold, United States gold certificates, or National bank notes, which are redeemable in gold on demand.

SEC. 2. Every contract or obligation made or implied, and payable within this State, and made or implied after January 1, 1879, and payable in dollars, but not in a specified kind of dollars, shall be payable in United States coin of the standard of weight and fineness established by the laws of the United States at the time the contract or obligation shall have been made or implied.

A NEW BANK.—A circular signed by bankers from various parts of the country, which is said to be going the rounds, proposes the formation of a bank in New York with a million dollars capital. Eleven directors are to be chosen from among the bankers subscribing, the design being that the loanable resources of the bank shall be employed in discounts for its stockholders.

NORTH CAROLINA.—The North Carolina Senate has passed an usury bill providing for a forfeiture of the whole amount where an excess of 8 per cent. interest is charged for loans. Eleven members of the Senate have entered a protest against this bill on the ground that as it applies the forfeiture of interest and principal, with fine and imprisonment, to State banks and bankers, as well as to individuals, while National banks are exempt by the law of their creation, a prejudicial discrimination is thus made against State institutions.

OHIO.—The death of two well-known bankers of Cincinnati has occurred in February—Mr. Andrew G. Burt and Mr. Jacob Netter. Mr. Burt was, with one exception, the oldest banker of that city, having begun business there in 1837. His character for uprightness and sagacity was recognized by all who knew him. Mr. Netter was a member of the well-known firm of Seasongood, Netter & Co. He had been identified with the banking business since 1867, and had accumulated a handsome competency.

PERSONAL LIABILITY OF BANK STOCKHOLDERS.—Since the failure of the Savings and Citizens' banks in our city in the fall of 1873, it has been a mooted question as to the liability of stockholders, who had sold and transferred their stock during the solvency of these banks. Judge Lowrie decided in a test case tried this week that stockholders, who were not publicly known as such, and had not participated in the management of the business, were only *dormant* partners, and could not be held for the debts of the bank contracted subsequently to the withdrawal of such partners, although no notice of the same had been given. And he charged the jury very clearly to this effect. A verdict was rendered in accordance with the above law.—*Titusville (Pa.) Herald.*

PHILADELPHIA—Mr. E. M. Lewis, the trustee of Jay Cooke & Co., announces that he is obliged to suspend distribution in kind to the creditors until the question of the risk of the trustee in the matter can be determined. Certain parties have begun suit against the trustee, alleging that they are creditors of the Northern Pacific, that that company has a large claim against the estate, and that the trustee will be held personally responsible if he proceeds with the distribution. The payment of the cash dividend of five per cent., begun January 21st, will proceed.

THE ESTABLISHMENT OF A NEW MINT was recommended by the President in the Financial Message he sent to Congress at the time of his approval of the recently passed Finance bill. There seems to be strong unanimity of opinion in the Western country in favor of the establishment of this mint, but great contrariety of claims as to the one best place for its location. Before the Finance Committee of the Senate claims for it were recently presented by persons representing Chicago, St. Louis, Indianapolis, Omaha and Cincinnati. Until these numerous, active, enterprising and flourishing cities come to some understanding among themselves, Congress will do the wisest thing by holding the matter in abeyance; particularly as the Government was recently so over-supplied with minting establishments that it felt constrained to dispose of some of them at considerable loss; and more particularly as the existing mints appear to be quite equal to the demands upon them.—*Philadelphia Ledger.*

A BANK NOT LIABLE FOR STOLEN DEPOSITS.—An important decision has recently been rendered by the Supreme Court of Vermont. A suit was brought by certain bondholders against the First National Bank of Brattleboro for the recovery of bonds deposited in that bank for safe keeping, which were stolen some four years ago. The Court held that the stockholders could not be held responsible for the loss.

VIRGINIA.—The two National banks at Staunton, the First National and the National Valley Bank, have been consolidated into one institution, under the name of the latter, and occupying its building. The new bank commenced business on January 26th, under the management of General John Echols, as President, and Mr. M. Harvey Effinger as Cashier.

Richmond.—At a meeting of the creditors of Messrs. Isaacs, Taylor & Williams, held February 2d, the result of a thorough investigation of their books and of the management of their assets since their suspension in September, 1873, was made known, and resolutions expressive of confidence and sympathy were unanimously adopted.

WEST VIRGINIA.—The First National Bank of Wheeling, is, as heretofore, under the efficient management of John K. Botsford, President, George Adams, Vice-President, and M. A. Chandler, Cashier, and offers its services for the prompt transaction of the business of correspondents. Their card will be found in its appropriate place in this number.

CANADA.—We regret to announce the death of Mr. William Molson, President of Molson's Bank, Montreal, which occurred on the 18th February. Mr. Molson had attained the age of 81 years. He had been unwell for some time, but until within two days no immediate danger was apprehended.

NEW BRANCH BANK.—The Canadian Bank of Commerce having opened a branch at Chicago, Mr. E. W. Syer, for the past four years manager at London, Ontario, has been transferred to the new field.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List; continued from February No., page 647.)

☞ Additions for this list are solicited from the subscribers to this work.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Eureka, CAL.	Humboldt County Bank	National Bank Commerce.
Aledo, ILL	Fars. Bk. (A. M. Byers & Co.)	Ninth National Bank.
Brimfield, "	C. T. Heald & Co.	National Park Bank.
Hagerstown, IND.	Citizens' Bank	Winslow, Lanier & Co.
Muncie, "	Citizens' Bank	Third National Bank.
West Branch, IOWA	West Branch Bank	Metropolitan National Bank.
Seneca, KAN.	State Bank of Kansas	Donnell, Lawson & Co.
Marine City, MICH.	Marine Bank	Loaner's Bank.
Rochester, N. Y.	Bank of Rochester	Fourth National Bank.
Waynesville, OHIO	Waynesville National Bank	*None.*
Philadelphia, PA.	Charles D. Barney & Co.	First National Bank.
" "	John Fareira	*None.*
Brookville, "	R. Arthurs	Continental National Bank.
McKeesport, "	First National Bank	....
Montrose, "	First National Bank	....
Ridgway, "	Elk County Bank	National Bank Commerce.
McMinnville, TENN.	Nat. Bank of McMinnville	....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from February No., page 649.)

(Monthly List; continued from February No., page 649.)

FEBRUARY, 1875.

☞ Banks are requested to furnish prompt notice of any future changes.

Name of Bank.	*Elected.*	*In place of*
Bank of Mobile, Mobile, ALA...	Rich'd F. Manly, *Cash.*	Jared S. Green.
Selma Savings Bank, Selma, " ...	N. H. R. Dawson, *Pres.*	H. A. Stollenwerk.
" " "	Wm. White, *Cash.*....	E. T. Fowlkes.
Ansonia Nat. Bank, Ansonia, CONN.	Thos. Wallace, Jr., *Pres.*	J. M. Colburn.
Farmers' Bank, Georgetown, DEL...	James Ponder, *Pres.* ..	G. H. Wright.
" " "	G. H. Wright, *Cash.* ..	James Anderson.
Merch. & Pl. N. Bank, Augusta, GA.	J. T. Newbery, *Cash.* .	Joseph S. Bean.
Monmouth N. B., Monmouth, ILL..	David Rankin, *Pres.* ..	George F. Harding.
" " "	W. B. Young, *Cash.* ..	A. W. Harding.
City National Bank, Goshen, IND ..	J. H. Defrees, *Pres.* ..	H. H. Hitchcock.
Evansville Nat. B., Evansville, "	Henry Reis, *Cash.*	....
First Nat. Bank, Atlantic, IOWA..	W. Warwick, *Pres.*....	B. F. Allen.
Kossuth Co. Bank, Algona, " ..	Wm. H. Ingham, *Pres.*	E. C. Buffum.
Nat. State Bank, Des Moines, " ..	James Callanan, *Pres.* .	B. F. Allen.
First National Bank, Paola, KAN....	F. M. Shaw, *Pres.*	J. E. Thayer.
" " "	C. A. Leighton, *Cash.* .	F. M. Shaw.
" Parsons, "	R. S. Stevens, *Pres.* ...	A. D. Jaynes.
Bunker Hill N. Bank, Boston, MASS.	Ch. R. Lawrence, *Cash.*	James Adams, Jr.
Manufac. N. B., Three Rivers, MICH.	W. E. Wheeler, *Cash.*	E. H. Lathrop.*
First Nat. Bank, Greenville, "	Emery Trufaut, *Pres.* .	Nelson Holmes.
Mercantile Bank, St. Louis, MO.....	Geo. E. Leighton, *Pres.*	Wm. H. Maurice.
First Nat. B., Jefferson City, "	A. M. Davison, *Pres.* .	J. S. Fleming.
Citizens' Bank, Memphis, "	N. V. Leslie, *Cash.* ...	L. J. Vandiver.
Bank of Havana, Havana, N. Y.....	Elbert P. Cook, *Cash.* .	....
Malta National Bank, Malta, OHIO...	H. D. Miller, *Cash.* ...	D. H. Mortley.
First National Bank, Berea, " ...	Alson U. Pomeroy, *Cash.*	H. C. Johnson.
Carlisle Dep. Bank, Carlisle, PENN..	John Hays, *Pres.*	R. M. Henderson.
Honesdale Nat. B., Honesdale, "	E. F. Torrey, *Cash, p. t.*	S. D. Ward.*
First National Bank, Muncy, "	John M. Bowman, *Pres.*	Henry Johnson.
" " "	De La Green, *Cash.* ...	John M. Bowman.
First Nat. Bank, New Castle, "	Samuel Foltz, *Pres.* ...	I. N. Phillips.
" " "	D. Osborne, *Cash.*	Edwin I. Agnew.
" Northumberland, "	F. Burkenbine, *Cash.*..	J. H. Jenkins.
People's N. Bank, Pittsburgh, "	Barclay Preston, *Pres.*	Samuel Rea.
Commercial N. B., Providence, R. I.	Henry G. Arnold, *Cash.*	Joshua Wilbour.
First Nat. Bank, Pawtucket, "	Olney Arnold, *Pres.*...	Appleton Park.*
" " "	Wm. H. Park, *Cash.* ..	Olney Arnold.
Central Nat. Bank, Columbia, S. C...	John S. Preston, *Pres.*.	John B. Palmer.
Fourth Nat. Bank, Nashville, TENN..	Thomas Plater, *Cash.*..	J. Porterfield.*
National Valley Bank, Staunton, VA.	M. H. Effinger, *Cash.* .	W. C. Eskridge.
People's N. B., Martinsburg, W. VA.	E. S. Troxell, *Pres.* ...	Samuel Busey.
German Bank, Sheboygan, WIS.	James H. Mead, *Pres.*	Geo. C. Cole.
" " "	Fr. Karste, *Cash.*	Jas. H. Mead.

* Deceased.

DISSOLVED, DISCONTINUED, OR CHANGED.

(*Monthly List, continued from February No., page* 649.)

ALABAMA.—J. C. L. Martin & Son, *Eufaula* (discontinue banking business).

ARKANSAS.—John S. Hornor, *Helena*, (now John S. Hornor & Son).

DELAWARE.—Merrick, Johnson & Co., *Wilmington* (now Craige, Johnson & Co.)

GEORGIA.—C. A. Davis & Son, *Greensboro*, (retiring).

INDIANA. — Lawrenceburgh Banking Co., *Lawrenceburgh*, (succeeded by People's Bank).

IOWA.—Fremont County Bank of L. Bentley & Co., *Riverton*, (now owned by G. B. Murray & Co.); B. F. Allen's Bank, *Des Moines*, (suspended); Cerro Cordo County Bank of W. H. Lytle, *Mason City*, (now owned by Montague & Smith).

MASSACHUSETTS.—Hill, Scott & Co., *Boston*, (now Hill, Head & Co.)

NEW YORK.—George Washington Bank, *Corning* (closed); C. G. Harger & Son, *Watertown*, (suspended).

OHIO.—Wool-Growers' Bank, *Newark*, (discontinued).

PENNSYLVANIA.—Commercial Banking Co., *McKeesport*, (succeeded by First National Bank).

TEXAS.—S. P. Young & Co., *Marlin*, (succeeded by George E. Lane, Jr.)

VIRGINIA.—First National Bank and National Valley Bank, *Staunton*, (consolidated as National Valley Bank).

THE PREMIUM ON GOLD AT NEW YORK,

JANUARY—FEBRUARY, 1875.

1874.	*Lowest.*	*Highest.*	1875.	*Lowest.*	*Highest.*	1875.	*Lowest.*	*Highest.*
January	10⅛	12½	Jan. 25	12⅝	12¾	Feb. 8	14⅛	14⅝
February	11⅜	13	26	12¾	12⅞	9	14½	14⅞
March	11¼	13⅝	27	12⅞	13	10	14⅝	14⅞
April	11¾	14⅜	28	12⅞	13¼	11	14⅜	14⅝
May	11⅞	13⅛	29	13	13⅜	12	14⅜	14¾
June	10½	12¼	30	12⅞	13¼	13	14½	14¾
July	9	10⅞						
August	9¼	10¼	Feb. 1	13¼	13½	15	14½	14⅝
September	9¾	10¼	2	13½	14¼	16	14½	15⅛
October	9¾	10⅜	3	14¼	15¼	17	14⅞	15⅝
Nov.	10	12⅜	4	14¼	14⅞	18	14⅞	15¼
Dec.	11⅛	12⅜	5	13⅞	14⅜	19	14⅝	14⅞
			6	14	14⅜	20	14½	14⅜

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized January 21 to February 16, 1875.

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2220	Waynesville National Bank, Waynesville, OHIO.	Seth S. Haines; Joel Evans.	$50,000	$41,882
2221	Nat. Bank of McMinnville, McMinnville, TENN.	....; Ph. H. Marbury.	50,000	45,500
2222	First National Bank, McKeesport, PENN.	William Whigham; Thomas Penney	50,000	36,000
2223	First National Bank, Montrose, PENN.	William J. Turrell; N. L. Lenheim	100,000	50,000

NOTES ON THE MONEY MARKET.

NEW YORK, FEBRUARY 20, 1875.

Exchange on London, at sixty days' sight, 4·83 a 4·83½ in gold.

The money market continues easy at 2 to 3 per cent. for call loans, and at 4 to 6 per cent. for commercial paper. There is an abundance of loanable funds, and the demand for call loans for Stock Exchange purposes is restricted. One cause of this is the falling off in the business of the Stock Exchange, which is due to various circumstances. Prominent among them is the advance in the rates of brokerage, which checks the speculative business of the stock market, though it has little the effect upon the volume of legitimate transactions for investment. The quietude of the money market has not been at all disturbed by the fluctuations in the Bank of England rate, or by the discussions on the currency in Congress. It is several years since the monetary situation has continued so tranquil during the fall and winter seasons. This stability is very noteworthy, and has been accounted for in various ways. Of the numerous causes which have combined to preserve financial tranquillity in presence of perturbing influences, which at another time would have been formidable, we may mention the smallness of the demand for general business. Our merchants are precluded from making engagements ahead, in consequence of the fiscal changes and monetary schemes which have been so actively pressed forward at Washington. By these and other retarding forces, the recuperation of industrial activity has been prevented. The volume of business having thus been very much diminished, the amount of capital required to do that business has also been responsively contracted.

The statement to-day of the New York Clearing-House banks, shows an increase in loans of $1,738,900, and a decrease in all the other averages. The deposits have declined $2,608,500; the legal tenders $2,254,600; the specie $3,240,100, and the circulation $928,500. The change last mentioned is due to the fact that some of the New York banks are giving up their circulation. A single bank has surrendered a million recently, and by depositing greenbacks in Washington, has got its bonds from the Department, and has probably sold them at the high prices now ruling. The legal-tender reserve of the banks has fallen $4,842,575. The deposits may have been somewhat reduced by the fact that last week the banks of this city that pay interest put down their rate on deposits to 3 per cent. The course of the bank averages during the month is shown in the subjoined table :

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Exchanges.*
Jan. 25	284,328,500	20,985,200	56,830,600	24,153,500	237,146,800	499,493,417
Feb. 1	286,452,800	17,180,600	57,861,600	23,801,800	236,191,200	436,580,082
" 8	291,197,700	15,162,400	57,275,400	23,642,200	238,123,200	539,951,440
" 15	293,111,200	15,894,300	56,647,400	23,532,900	238,832,300	430,469,121
" 22	294,850,100	12,654,200	54,392,800	22,534,400	236,223,800	437,489,084

The reports of the Philadelphia banks compare as follows:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*
Jan. 25.	59,515,706	529,297	17,116,864	11,401,469	49,448,502
Feb 1.	59,303,018	488,859	17,132,815	11,383,343	49,316,483
" 8.	59,401,613	377,051	17,144,185	11,395,217	48,600,478
" 15.	59,106,840	302,029	16,884,633	11,387,719	48,132,220

The Boston bank averages are subjoined:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*
Jan. 25.	130,594,800	2,346,100	9,256,900	24,433,900	76,923,600
Feb. 1.	130,405,700	2,099,700	9,372,200	24,311,300	79,316,500
" 8.	131,358,500	2,076,600	9,547,200	24,293,000	79,192,100
" 15.	131,570,200	1,759,800	9,419,900	24,210,300	79,281,200

As to the large decrease in specie of $3,240,100 last week in the New York banks, it is accounted for by the heavy customs payments, and, perhaps, by the movements of the clique who are reported to have locked up gold. These operations seem to have culminated. To-day the dealings in gold were less important than for some days past, and the price, after opening at 114¾, sold down to 114½. The tone of the market inclined to lower figures, on a report that the recent clique was dissolved and had suddenly collapsed while forcing a squeeze in cash gold.

The specie imports last week were $511,839.56, since Jan. 1, $12,165,171, as against $4,897,104 same time last year, and $9,697,186 in 1873. The exports of domestic produce—currency valuation—for the week ending Tuesday last, were $3,952,584, and since Jan. 1, $30,758,435. The import entries of dry goods—gold valuation—at this port during the week were $3,658,653; and of general merchandise $4,316,044, making a total of $7,974,697; and since Jan. 1, $46,341,257, as against $52,070,609 in 1874, and $63,671,992 in 1873. The total amount of cotton received during the week, coastwise and by rail, footed up 99,664 bales, and the number exported was 94,941. The entire receipts since Sept. 1—the commencement of the cotton year—amounted to 2,803,036 bales, a decrease of 105,399 bales, as compared with the corresponding period of last year.

Another point of interest in the gold market has been the excitement in mining stocks, which has spread ruin and distress throughout the Pacific States. Tempted by the stories of sudden fortunes acquired by investments in the bonanza mines, thousands of persons mortgaged their houses and farms, or otherwise sacrificed their property, in order to buy shares at speculative prices. The oscillations of the shares were extraordinary. In October, 1874, Ophir ranged in price in the San Francisco market at from $43 to $64. Through the adroit management of the speculators, by Jan. 13, Ophir ran up to $230, and we find them quoted as high as $300. In two months and a half the nominal value of the mine increased, according to the quotations of the San Francisco Brokers, from $5,040,000 to $23,184,000, a gain of over $17,000,000. On Feb. 5, Ophir was once more selling at $61 per share. A band of unprincipled speculators, as it now appears, had obtained control of the Ophir mine by the purchase of 20,000 shares at $80 per share. They also had to buy in the open market more shares to make their total investment in this single mine about $3,000,000. This was the first step in the manipulation. The second step was to report extraordinary developments in this and other mines, so as to force up the price of the stock, and when it reached $250, the third stage commenced. The clique endeavored to make all the profits they could; they began unloading, and they continued to sell steadily until the bubble burst.

Government securities have been unsettled by the severe fluctuations in gold and foreign exchange. The relative value of bonds has been depressed here below the London price, so that some considerable amounts have been imported from abroad. To-day four millions of called bonds went into the Treasury for redemption in coin. State bonds are dull, but railroad bonds show a little more activity.

In regard to the Pacific Railroads, we announced some months ago, that a new proposition might be expected for the liquidation of their debt to the Government. The Union Pacific road owes the Treasury 27 millions, the annual interest on which is $1,620,000. The Company proposes to pay $500,000 a year for ten years, then $750,000 a year for ten years, and then $1,000,000 a year until the accumulated payments with compound interest equal the existing debt with simple interest; the Government, meanwhile, to retain all of the transportation and other charges against it until such annual payments are made. The Central Pacific, whose debt is rather larger, proposes to pay $400,000 per year in semi-annual payments, and continue the same until the whole debt to the Government, with interest thereon, is paid. The annual sum proposed is somewhat less than that of the Union Pacific, for the reason that the latter has a much larger share of the Government transportation. The amounts repaid by the Pacific Railroads by transportation of mails, troops, &c., from the beginning up to Jan. 1, 1875, have been $3,060,155 for the Union Pacific, and $1,164,814 for the Central Pacific. These propositions require the assent of Congress, which at this late period of the session can scarcely be expected. Still the agitation has caused an active movement in the Union Pacific stock. Pacific Mail has been depressed by the vote of the House against continuing the subsidy. The most activity has been in Union Pacific, Lake Shore, Pacific Mail and Western Union. The last named stock declined to 70¾ on the bill of General Butler to regulate the_rates of Telegraph Companies.

The stock market closes with an improved tone, as is shown in the subjoined comparative quotations:

QUOTATIONS:	*Jan.* 30.	*Feb.* 2.	*Feb.* 8.	*Feb.* 15.	*Feb.* 20.
Gold	113¼	114⅛	114¾	114½	114⅝
U. S. 5-20s, 1867 Coup.	....	119¾	119¾	119⅜	119⅞
U. S. new Fives Coup.	....	115⅛	115⅛	114¾	114¾
West. Union Tel. Co.	73¼	75	72½	72¼	72½
N. Y. C. & Hudson R.	102	102¼	107½	101½	101⅛
Lake Shore	74⅜	74⅛	73	72⅞	73⅝
Chicago & Rock Island	103⅜	104¼	103½	103¼	104⅛
New Jersey Central	108	107⅞	108	107¾	108
Erie	28½	28⅞	27½	28	27⅝
Bills on London	4.86 *a* 4.86½	4.86 *a* 4.86½	4.85 *a* 4.85½	4.83½ *a* 4.84	4.83 *a* 4.83½
Treasury balances, cur.	....	$47,762,660	$47,797,119	$49,095,682	$49,620,197
Do. do. gold	....	47,100,782	45,593,571	45,545,984	46,182,400

American securities in Europe are better and our railroad men are more hopeful, but no important loans have been negotiated during the month. Perhaps the most important of the new loans negotiated here are two. First, that of the city of Cinninnati for 3 millions of seven-thirties, which averaged about 102, the bids ranging from 101½ to 104. The other loan referred to is that of the State of Massachusetts. It consists of $1,500,000 five per cent. gold bonds, and among the bidders for the entire issue were several banking houses of this city. The high credit which Massachusetts has always sustained gives such a loan an easy sale in Europe and here. The bonds are payable in London, and are said to have been awarded at a price equivalent to about 109 in currency. As the prospects of foreign loans are much discussed, we call attention to a decision recently made in the Court of Chancery at London, respecting a railway loan, which has attracted a good deal of notice. President Grant, it will be remembered, proposed in his message, a year or two ago, to send an exploring expedition up the river Amazon, with a view to the future extension of American commerce. Very few persons are aware of the immense field which offers in that region for the enlargement of our trade. To develop this trade, a railroad has been projected by an American engineer, Col. George Earl Church, an officer well known and highly distinguished in our army during the civil war. For the

construction of the road, he obtained concessions from Brazil and Bolivia, and negotiated a loan in England. The litigation about this loan arose from the fact that some of the bondholders contended that the railways would cost more than the first estimates, and that their money should be returned to them. The Court of Chancery has just denied the prayer of the bondholders, and decides that the railroad be constructed as far as the money will go. The road is designated the Madeira and Mamore Railway, and as it lies in Brazil, the Brazilian Government is expected to aid in its completion. In a few months, if this expectation is realized, a vast tract of fertile country, abounding in natural wealth, and rich in tropical products, will be thus opened for the first time to American commerce.

Among the dealers in American and other securities, an interesting discussion is going on in London about a proposal put forward by a member of the Stock Exchange with a view to obviate the risks and inconveniences which dealers and holders experience by the present system of transferring foreign bonds from one person to another. Besides the serious loss of time in counting the bonds, which are often for small sums, there is risk of loss in passing the bundles from office to office, inconvenience through their bulk, as well as danger of coupons getting detached and lost. These and such evils Mr. Ingall proposes to remedy by establishing, under Government supervision, or as a branch of the business of the Bank of England, what promises to be an efficient clearing-house for bonds. Instead of bonds passing from hand to hand, as now, receipts or certificates would be given on stamped paper, to be crossed or not at the holders' option, while the bonds would be deposited to lie secure in the coffers of the office. It would be, in short, a sort of Hamburg Bank, only that the property lying in its vaults and transferred from hand to hand by ticket and ledger entries would be bonds instead of bullion. So far as the Government is concerned, it does not seem that the proposal is feasible, except as a source of revenue; but there does not seem any reason why the Bank of England, or some equally unimpeachable institution, should not do such work, and relieve dealers and the public from much worry and trouble. The labor would still be very heavy, but it would be concentrated in one place, and the risks would be fewer, while much time might be saved, as, after a time, people would buy and sell the certificates as they stood, singly, or in bundles.

As to the effect of recent legislation on our credit abroad, Messrs. M'Culloch & Co., in a recent circular, reflect the opinions current in London. They say that the extraordinary discoveries in the Nevada mines will supply all the silver bullion necessary to carry out the programme of the Senate Finance measure, by which coin is to be substituted for the fractional currency. The amount of the notes outstanding which will have to be changed is set at £9,000,000 sterling; but the yield of the metal on the Pacific Slope is likely for years to come to exceed all precedent. The effect may be important on the future value of silver coin and bullion, but not on the paper currency; inasmuch as there is little disposition in the National Banks to avail themselves of the new issues of bank notes now authorized, the conditions being deemed onerous, leaving little profit on the circulation. Since the new arrangements for the redemption of bank notes went into operation their volume has been reduced by withdrawals and redemptions over $15,000,000.

The Foreign Imports at New York for January compare as follows:

	1873.	1874.	1875.
Entered for consumption........	$ 17,270,231	$ 13,846,907	$ 11,530,339
Entered for warehousing........	10,956,219	7,612,441	5,716,038
Free goods....................	9,463,302	8,752,317	7,438,591
Specie and bullion.............	113,939	99,014	146,282
Total entered at port..........	$ 37,803,691	$ 30,310,679	$ 24,831,250
Withdrawn from warehouse.....	9,567,918	11,188,750	7,778,440

The Foreign Imports at New York for Seven Months ending January 31 are subjoined:

	1873.	1874.	1875.
Entered for consumption	$ 105,475,005	$ 89,103,251	$ 94,773,570
Entered for warehousing	76,792,258	58,529,387	45,437,388
Free goods	49,931,909	44,282,975	55,687,830
Specie and bullion	4,930,569	15,912,920	4,043,203
Total entered at port	$ 237,129,741	$ 207,828,533	$ 199,941,986
Withdrawn from warehouse	99,598,533	67,908,558	55,496,285

The Gold Receipts for Customs at New York are reported below:

Six months ending	1873.	1874.	1875.
January 1	$ 64,393,092 93	$ 53,535,419 05	$ 54,213,434 19
In January	10,703,626 44	10,042,084 05	8,072,846 12
7 months	$ 75,156,719 37	$ 63,577,503 10	$ 62,286,280 28

The Exports from New York to Foreign Ports in the Month of January compare as follows:

	1873.	1874.	1875.
Domestic produce	$ 19,379,497	$ 22,658,022	$ 18,559,948
Foreign merchandise, free	242,121	133,831	278,870
do. dutiable	428,932	663,785	452,585
Specie and bullion	7,127,989	2,660,508	10,119,325
Total exports	$ 27,178,539	$ 26,116,146	$ 29,410,728
do. exclusive of specie	20,050,550	23,455,638	19,291,403

The Exports from New York to Foreign Ports for Seven Months ending January 31 are subjoined:

	1873.	1874.	1875.
Domestic produce	$ 144,412,876	$ 177,962,196	$ 154,596,071
Foreign free goods	1,161,044	985,015	1,474,085
do. dutiable	4,877,444	5,265,951	3,729,771
Specie and bullion	41,972,132	23,500,885	41,722,887
Total exports	$ 192,423,496	$ 207,714,047	$ 201,552,814
do. exclusive of specie	150,451,364	184,213,162	159,799,927

DEATHS.

In FORT PLAIN, N. Y., on Tuesday, October 13th, aged seventy years, WILLIAM A. HASLET, President of the FORT PLAIN BANK.

In FITCHBURG, MASS., on Saturday, December 26th, aged seventy-three years, HON. ALVAH CROCKER, President of the CROCKER NATIONAL BANK, of Turner's Falls, Mass.

In NASHVILLE, TENN., on Monday, December 28th, aged fifty-six years, JOHN PORTERFIELD, Cashier of the FOURTH NATIONAL BANK of Nashville.

In PAWTUCKET, R. I., on Wednesday, December 30th, aged seventy-four years, APPLETON PARK, President of the FIRST NATIONAL BANK of Pawtucket.

In BOSTON, MASS., on Thursday, January 21st, aged eighty-three years, CHARLES SPRAGUE, Cashier from 1825 to 1865 of the GLOBE BANK of Boston.

In MONTREAL, CANADA, on Thursday, February 18th, aged eighty-one years, WILLIAM MOLSON, President of MOLSON'S BANK, Montreal.

In NEW YORK, on Monday, February 22d, aged eighty-one years, SHEPHERD KNAPP, formerly President of the MECHANICS' NATIONAL BANK of New York.

THE

BANKER'S MAGAZINE,

AND

Statistical Register.

VOL. IX. THIRD SERIES. APRIL, 1875. No. 10.

BUSINESS PROSPECTS AND CURRENCY ELASTICITY.

Among the principles of practical finance which are often misunderstood of late, is that which teaches that the revival of business after a panic depends very much on the state of the currency. Thus the slow recovery of our commercial activity during the last eighteen months is by not a few people ascribed almost wholly to faults in the circulating medium. Very mischievous results have followed this error both in Congress and elsewhere. The financial critics are not all agreed as to the precise defects in our monetary system which cause the trouble. The currency according to one set of reformers, is too limited in its volume, and they would have it expanded by new issues of irredeemable paper. Another class oppose the principle of new issues. They declare that the greenback currency is inflated and needs contraction till its value appreciates to par with gold. Both these hostile armies of currency reformers are accustomed to clamor for what they call "elasticity of the currency" as the great condition of industrial recuperation. Let us briefly examine these opposing theories and the object at which, in such different ways, they both profess to aim.

That object is to renew the activity of business. Many people are much surprised that the panic of 1873 has left a languor which is so slow to pass away. But if we examine accurately, we shall see that there is no reason for surprise. Let us ask, for example, what it was that brought on the panic? Did not the trouble arise from the fact that hundreds of millions of dollars had been, year after year, sunk in unprofitable works, and that the owners of this vast sum lost confidence and refused to invest any more capital without better security. In railroads alone, between the years 1867 and 1873, we invested, chiefly of borrowed money, no less than 1742 millions of dollars, or a much larger sum

than the indemnity paid by France to Germany. If the owners of this capital had been willing to go on lending us for our railroads 290 millions a year, we need have had no panic in 1873. But the capitalists refused. They were tired of lending money for the creating and running of unprofitable railroads. Hence railroad progress had to stop. A million of men were thrown out of work. The best of these men soon entered other occupations; but too many still find it hard to get employment, for the simple reason that the work they used to do has ceased to be possible at present, and they are too shiftless, or too unskilled, or too indolent to create other openings for their own labor. Here, in brief, is one of the great causes of the panic, and of its slowness to pass off.

Leaving this industrial aspect of the panic, however, let us take up its financial side. The financial cause of the panic was undoubtedly a loss of *credit*. There is this in every panic. Whatever other symptoms it has, there is a perturbation of credit also, as one of its chief features. Economists have divided panics into various classes. They distinguish first what they call "the currency panic." Such was that of England in 1825, that of the United States in 1857, and that of France during the empire of the Assignats. Secondly, there is a kind of panic known as "the financial panic," where the fault is not in the currency, but in a general break-down of the mechanism of credit. The great fabric of confidence throughout the country is in such a crisis overstrained, and a collapse ensues, as in England in 1866. The third species of panic is "the capital panic," like that of England in 1847, when the expenditure of an excessive sum of floating capital, and its conversion for several years into fixed capital, caused a violent revulsion. It is to this last cause that we owe our panic of 1873. We have almost tripled our railroad investments since 1860. In that year the cost of our railroad system was 1,491 millions of dollars. At the close of 1873 it had risen to nearly 4,000 millions. This excessive conversion of floating capital into permanent fixed forms might well be expected to produce trouble, and the only wonder is that the explosion was delayed so long. It offers a conspicuous illustration of the immense strength and recuperative vitality of our financial system, that the expenditure of these prodigious sums, year after year, in works which were to so great an extent unproductive was not sooner followed by some wide-spread disaster.

We must not omit to mention another cause of the slow recovery from the panic. The foreign market for American securities, though favorable, is not as active as was anticipated. Great amounts of foreign capital are no doubt being invested here, but in consequence of the prejudice awakened against American securities, the demand abroad is not so good as it ought to be. Nor need we wonder at this. We have 122 railway companies which have defaulted on their bonds. The aggregate debt of these tainted companies is $ 567,028,000. They may be divided into there classes. First, companies representing $ 239,337,000 are involved in litigation, by foreclosure or otherwise, or they are in the

hands of receivers. Secondly, companies representing $ 164,245,000 of debt have already settled, or are now settling with bond-holders without litigation. Thirdly, companies representing $ 114,458,000 of debt remain "in *statu quo*," and concerning their affairs no late "information has been received;" and fourthly, companies representing $ 48,989,000 of debt have had their roads sold in foreclosure during 1874. The third group comprises several old roads in default long prior to the panic. There are ten companies in this long account which have been admitted to the London Stock Exchange List, and there are also many others, of course, which were floated in Europe without obtaining such quotation. The following are the ten companies referred to, with the amounts of their mortgage bonds, and the date of their default:

DEFAULTED RAILROAD BONDS HELD IN ENGLAND.

Name and Description.	*Amount.*	*Rate Interest.*	*Date of Default.*
Atlantic and GreatWestern—1st mortgage	14,414,977	7g.	July, 1874
2d mortgage	10,173,679	7g.	Sept., 1874
Other bonds (including leased line rentals)	10,500,000	7	Jan., 1875
Cairo & Vincennes—1st mortgage, gold	3,500,000	7g.	April, 1874
Gilman, Clinton & Springfield—1st mortgage, gold	2,000,000	7g.	Mar., 1874
2d mortgage, gold	1,000,000	8g.	Jan., 1874
Missouri, Kansas & Texas—1st mort. on road & land	3,220,000	6g.	Jan., 1874
1st mortgage, gold, Tebo and Neo	350,000	7g.	Dec., 1873
Consolidated mortgage	13,504,400	7g.	Feb., 1874
New York, Boston, & Montreal—1st mortgage	6,250,000	6g.	Aug., 1874
Atlantic, Mississippi, & Ohio—old bonds	4,900,000	Var.	Jan. 1, 1874
Burlington, Cedar Rapids, & Minnesota—1st mortgage, gold, sinking fund	5,400,000	7g.	Nov., 1873
1st mortgage, gold, Milwaukee division	2,200,000	7g.	Feb., 1874
Oregon & California—1st mortgage	10,500,400	7g.	Oct., 1873
Union Pacific, central branch—1st mortgage, gold	1,600,000	6g.	Nov., 1873
Detroit & Milwaukee—1st mortgage	2,500,000	7	Nov., 1873
2d mortgage	1,000,000	8	Nov., 1873
2d mortgage, funded coupons	377,000	7	Nov., 1873
1st funded coupons	628,525	7	Jan., 1874
Bonds of June 30, 1866	1,695,351	6&7	Jan., 1874
2d mortgage (D. and P.)	100,000	7	Jan., 1874
Other issues, small	100.000	..	1874
Total	$95,914,332		

Besides these 95 millions of bonds, held mostly in England, there are a large amount of defaulted securities held on the continent of Europe. Most of these were bought at low prices, and their risky character was doubtless well known to the European bankers who negotiated them, and obtained extraordinary rates of commission in consequence of the dangerous nature of the securities. This circumstance, however, does not hinder or modify the evil influence produced on our credit abroad by the presence in foreign markets of such large amounts of discredited American securities.

It is easy to understand how the forces we have passed in review have operated to retard the wheels of industrial enterprise.

It is well known that in a new country there is apt to be a chronic deficiency of floating capital, while in older countries floating capital exists in plethoric abundance. Hence the latter are perpetually drawing off the excess from the monetary reservoirs of the former, and both receive reciprocal benefits. Europe reaps as much advantage from the lucrative openings offered for her surplus capital by American investments as is reaped by America when foreign capital flows freely this way and avails itself of the large profits which judicious investments in this country need never fail to command. What we have said with regard to foreign capital and its functions as an instrument for extricating our financial bark from its temporary trouble, might be repeated with equal truth of our own supplies of capital from domestic sources.

Nothing can be more clear than that the most formidable of all the obstacles which check the restoration of business activity among us arise out of two fruitful causes: first, the arrest of capital, and secondly, the arrest of confidence. The mechanism of business cannot work without free supplies of capital any more than a locomotive can work without steam. And capital, however plentiful in other parts of the industrial organism, is of no avail for the revival of business, except so far as the owners of that capital have confidence to lend it in the ordinary channels of the money market, so that it shall reach and set in motion the arrested wheels of those parts of the industrial machinery of the nation which are suffering for want of it. Now there is a general belief throughout the financial community, that the revival of commerce and trade cannot long be delayed; and the question is whether this opinion rests on a solid basis of fact. In reply, we can only say that the hoped-for recuperation of trade is impossible, except as a result of certain well-known causes, prominent among which are the two which we have been exploring—the revival of confidence and the co-operation of capital.

We will not pursue any further the discussion of these elementary facts and principles. We have said enough to show how narrow and inadequate is the theory of those persons who blame the inelasticity of the currency as the cause of the Jay Cooke panic in the first instance, or as the cause of its slow disappearance at present. The error arises from misapprehension of the financial situation, or from a confusion of thought in reasoning upon it. These faults are very obvious, and have often been exposed. What the country wants as a condition of recuperation is not new issues of greenbacks, as the inflationists say, nor even the resumption of specie payments, as we are assured by their opponents. We want a revival of confidence. Capital must lose its timidity and pour itself in the channels of industry. So far as these currency agitators by their recent efforts have checked the return of this confidence, they have prevented capital from resuming its old functions, and they have thus contributed, as widely as their influence reaches, to keep back that improvement of business which they profess so much to desire.

THE CALLED BONDS AND THE REFUNDING OF THE PUBLIC DEBT.

It is with much regret that we hear again the rumor of the retirement of Secretary Bristow. Although his want of experience in practical finance has placed impediments in his way, it has not prevented him from winning reputation as a judicious, honest, energetic and efficient officer. We only express the general wish when we say that Mr. Bristow's resignation should, if possible, be prevented. Of course there is some reason for disappointment at the results of his former arrangement with the Syndicate; and the new contract he has recently made with them for a further term of six months will, it is hoped, be more successful in extending the market in Europe for the new five per cent. bonds.

The call issued March 11 for thirty millions of five-twenties is not, like similar previous calls, intended to aid that purpose, or to further the funding of the debt at a lower rate of interest. This new call of bonds is for the sinking fund. It has scarcely any direct relation to the new compact just concluded with the Syndicate. It is simply intended to carry out the new Sinking Fund Act of March 3, which contemplates that some 30 millions of the public debt will be canceled during the current fiscal year. The present call will mature on the 11th June, and to accomplish the purpose in view the bonds must be paid out of the balance in the Treasury. Some dissatisfaction has been expressed that the Secretary has called 24 millions of coupon bonds, and has included in his schedule no more than 6 millions of registered bonds. But among the numerous reasons why he adopted this course is the cogent fact that these six millions are all that remained uncalled of the issue of 1862, and it is doubtful whether he has the legal power to call any more registered bonds except these. Another reason was, that if Mr. Bristow had done otherwise than he has done, he would have violated a policy which has always been held sacred, namely, that all bonds should be called in the order of their emission. This policy precluded the Secretary from passing over the older coupon bonds, or from confining and limiting his purchases to the registered bonds of later issues. Besides this, there was the fact that the registered bonds which would thus have been called out of their turn are to a great extent in the ownership of the National Banks, and have been deposited by them at Washington as security for their circulation. These bonds have been purchased by the banks in full faith that they would not be called irregularly or prematurely, and Mr. Bristow, for this and other sufficient reasons, has decided to adhere to the old policy of the Treasury on the subject, and to call the oldest five-twenties first, whether they be coupon or registered bonds.

From what has been said, the error is evident of those persons who argue that the present call for bonds has been designed to

revive the policy for refunding the debt. Indeed very little seems to have been done towards refunding for some months past, the Syndicate having apparently met with some obstacles which have hindered their accomplishing much abroad. What those impediments may be, the public have not been informed. In the absence of such explanation, there is considerable anxiety to know what will be the success of the Syndicate during the next six months. Without finding any positive fault with those gentlemen, or with their modes of action, under the difficult circumstances which have hampered past negotiations, we may say that popular opinion will positively demand that Congress shall take some new departure next session in regard to the funding of the debt at a lower rate of interest.

It is premature at present to suggest any specific scheme for this purpose. One of the new schemes which has been proposed is to issue bonds of a longer date than any which have been hitherto issued by the United States. This scheme has certainly some claims in its favor. At present, we shall do no more than state the object of the plan, which is to fund 1,000 millions of the National debt at four per cent. This rate of interest is certainly low, but it is believed fairly to represent the improved credit of this country, as compared with other governments. In confirmation of this argument, some interesting facts are stated by the *Pall Mall Gazette* in a recent article. Our contemporary shows that during the last two years the countries whose securities are dealt in at the London Stock Exchange, have increased their debts by some 1500 millions of dollars. Of course, these large additions, which are continually increasing the debts of the world, are somewhat unfavorable to any plans for the reduction of the rate of interest; but as the *Pall Mall Gazette* goes on to show that England can borrow at 3¼ per cent., and British India at 4 per cent., we are fairly entitled to infer that the United States ought to be able to borrow at 4 per cent. We slightly abridge the article of our contemporary as follows, the aggregates in the tables being converted at the rate of five dollars to the pound sterling.

"The following are the best estimates which we can form of the principal National debts at the present time:

AGGREGATE DEBT.

Country.	1873.		1875.
France	$ 3,740,000,000	....	$ 4,500,000,000
Great Britain	3,950,000,000	....	3,900,000,000
United States	2,165,000,000	....	2,144,000,000
Italy	1,800,000,000	....	1,950,000,000
Spain	1,305,000,000	....	1,875,000,000
Austria	1,530,000,000	....	1,750,000,000
Russia	1,775,000,000	....	1,700,000,000
German Empire, States composing	1,040,000,000	....	1,000,000,000
Turkey	620,000,000	....	675,000,000
India	540,000,000	....	650,000,000
	$ 18,465,000,000	....	$ 20,144,000,000

"These ten countries owe in the aggregate £4,000,000,000, and have added nearly ten per cent. to their indebtedness during the last two years. No other country in the world owes anything like £100,000,000. The ten next largest debts stand, we believe, about as follows: Brazil, £82,000,000; Holland, £80,000,000; Egypt, £75,000,000; Portugal, £69,000,000; Mexico, £63,000,000; Australasian colonies, £46,000,000; Peru, £37,000,000; Belgium, £36,000,000; Hungary, £32,000,000; Canada, £30,000,000; making a total of £550,000,000. The twenty largest National debts in the world amount, therefore, in the aggregate, to £4,590,000,000. If we add £160,000,000 for the smaller debts, the National indebtedness of the world must amount to £4,750,000,000, or 23,750 millions of dollars.

"It is nearly as difficult to ascertain the charges which these debts involve as the amount of the debts themselves. But taking in the main the statistics of the *Economist* as our guide, we shall arrive at the following conclusions:

	Debt.		*Interest.*
France	$ 4,500,000,000	....	$ 165,000,000
England	3,900,000,000	....	133,500,000
United States	2,200,000,000	....	103,000,000
Italy	1,950,000,000	....	76,750,000
Austria	1,750,000,000	....	75,000,000
Spain	1,875,000,000	....	55,000,000
Russia	1,700,000,000	....	67,250,000
Turkey	675,000,000	....	47,500,000
Germany	1,000,000,000	....	45,000,000
Egypt	375,000,000	....	37,500,000
India	650,000,000	....	29,500,000
Mexico	315,000,000	....	20,000,000
Brazil	410,000,000	....	15,500,000
Australasia	230,000,000	....	13,500,000
Peru	185,000,000	....	13,000,000
Holland	400,000,000	....	11,250,000
Portugal	345,000,000	....	10,750,000
Belgium	180,000,000	....	8,750,000
Hungary	160,000,000	....	7,500,000
Canada	150,000,000	....	7,500,000
	$ 22,950,000,000	....	$ 942,750,000

"The debts of these twenty countries alone impose, then, a charge of $940,000,000 a year on their inhabitants. If we add $60,000,000 for the unenumerated debts, the National debts must impose a charge of $1,000,000,000, or twice the sum which France, the country with the largest revenue in the world, is annually raising by taxation.

"The rate of interest which these countries are severally paying on the nominal amount of their debt must not, of course, be confounded with the rate at which they can now borrow. Judged by the latest quotations on the Stock Exchange, some of these may be given as follows: England, 3¼ per cent.; India, 4 per cent.; Holland, 4¼ per cent.; Canada, 4½ per cent.; Australasia, 4½ per cent;; United States, 4¾ per cent;; France, 5 per cent.; Russia, 5 per cent.; Brazil, 5 per cent.; Italy, 6 per cent.; Portugal, 6 per cent.; Hungary, 7½ per cent.; Egypt, 8 per cent.;

Turkey, 10 per cent.; Peru, 10 per cent.; Spain, 15 per cent.; Mexico, 18 per cent."

These figures are very suggestive. The chief point which we cite them to illustrate is that the credit of the United States ranks far below the level at which it ought to stand in the money markets of Europe. Even Canada and Australia are able to borrow on better terms than we can. The reasons for this discrepancy deserve to be thoroughly explored. A conspicuous place among these reasons must doubtless be given to the "five-twenty policy of controllability." Chief Justice Chase, when Secretary of the Treasury, in 1862, was the founder of this policy, which often bears his name. Its chief feature consists of the "five-twenty" and "ten-forty" arrangement, which has become well known here, though it is not adopted by any other country, of making our twenty year bonds redeemable after five years, and our forty-year bonds redeemable after ten years, at the option of the Government. Mr. Chase did not look far enough into the future to see that if the Government reserved the right to pay off its twenty-year bonds in five years, the right must be paid for. The bonds would not sell for so high a price as an absolute twenty-year security. The burden which this Chase policy has inflicted upon the country has been computed to be equal to the addition of one or two per cent. at least to the cost of our bonded debt. That aggregate is over 1700 millions, one per cent. on which is 17 millions. Every year, according to the theory before us, the public debt of the United States has cost more than 17 millions of dollars, which would have been saved but for our vain attempts to carry out the Chase policy of "controlling" the public debt. To Mr. Bristow's last call of five-twenties, we owe the renewal of this discussion, which is very likely to come up in some practical shape at an early period in the next session of Congress.

OUR NATIONAL BANK SYSTEM AS A MODEL.

When the National Bank system was first organized, its friends, among the arguments which they urged for it, gave some prominence to the prediction that it would serve as a model to European nations, who would be induced, in process of time, to imitate its safeguards with a view to secure its benefits. Hitherto the promise does not seem to have been fulfilled. But there are certain nations, such as Switzerland and Germany, whose banking system has had increasing affinity with our own, especially in this fundamental particular, that the banks were all equal; they had no privileged hierarchy; every member of the organization was on the same level with all the rest. This democratic principle of bank organization has just been given up in Germany. The law recently passed subverts the old system, and it will probably change the whole condition, of German banking within a few years.

How far the confidence of foreign nations may have been impaired in our banking system by the reckless changes we have been making in it since 1870, we will not here inquire. Certain it is that in foreign journals the example of our banking system is not so often cited as formerly. For the truth of this statement, we may appeal to those of our readers who are accustomed to read the German, English and French financial journals. We are inclined to think, however, that in the case of Germany and its recent bank-changes a number of conflicting causes have combined to bring about the new legislation.

For example, there was the desire to reform the paper currency. The paper money of the German States has been for three-quarters of a century in a very complicated, if not chaotic condition. As the coin circulation was about to be reformed, the Germans thought they would go further and reform their paper issues also. But to do this without a great central bank, was deemed impossible. Secondly, Germany has been losing gold, notwithstanding all she could to do to prevent its exportation. The failure of the efforts to counteract the evil was misunderstood. By the help of a powerful bank, these efforts, it was supposed, would be rendered more successful. Besides these and similar financial reasons for changing her banking laws, Germany was impelled by an overpowering political necessity.

The object of nearly all law-making in Germany since the war has been to promote the unity of the Empire, and the new banking system is in its sphere to be an instrument for that unification. It is as completely under the control of the Government as the Bank of France, and more so than the Bank of England. When a few years have permitted it to absorb the small-note issues left now to certain banks and States, the Imperial Bank will have then what the Bank of France has now—the exclusive right of issuing notes.

In return for this monopoly, restrictions are imposed on the Reichsbank. It can only, according to the act, do certain things, and those not freely, but under authority. It can buy and sell gold and silver in ingots or coin; it can discount bills, but only these up to three months, and then only when they bear at least two good signatures. Its transactions in stocks are strictly limited, and it can only invest in Government, State or municipal stocks that will be paid off within three months, or bills that have three months to run. Three months is, in fact, the limit of the credit it can allow in any direction, even when lending on stock issued by the Empire, or on gold and silver. Moreover, the Bank is not allowed to lend beyond three-fourths of the current value of any stock it takes in pledge, nor, in the case of foreign Government securities, beyond fifty per cent. Money may be lent on bills of exchange, but not less than five per cent. must be deducted from their face value, and only two-thirds value can be lent on merchandise at the time in Germany. For its protection, the Reichsbank is empowered to effect summary sale of any securities it may hold against a debt not paid when due. Hence, it appears that the Bank is empowered to take precedence of every other creditor in

all cases, and holds the position towards all commercial transactions which is held by the Treasury of the United States towards any of its debtors who become insolvent.

The capital of the Bank—taking the value of the Reichsmark at 25 cents—is to be $ 30,000,000, divided into 40,000 shares of $ 750 each, which, when paid up, carry no further liability. Of these shares the Government may invest to an amount of $ 1,500,000 through the Prussian Bank; but it will, in all probability, invest much more heavily than that. Thus, as a mere shareholder, the German Government will have great influence on the Bank. It will also have a great share in the profits it makes, which are to be apportioned as follows: "First—A dividend of 4½ per cent. will be paid to the shareholders. Second—Twenty per cent. of the remainder is to be added to the reserve fund, as long as the latter does not exceed one-fourth of the capital. Third—Of the residue, one-half is to be portioned out among the shareholders and the other half to go to the Imperial Exchequer, until the total dividend reaches 8 per cent. Should there be any excess after this, the shareholders will receive one-fourth and the Imperial Treasury three-fourths of it. In the event of the net profits being under 4½ per cent., the difference is to be made up from the reserve fund. Dividends not claimed within four years of their falling due are appropriated by the Bank."

This represents a tolerably high price which the shareholders are to pay the Government for the privilege of issuing $ 62,500,000 in bank notes of the value of $ 25 and upwards, tax free, and on pure credit. Clause 25 announces that "the control of the Bank belongs to the Empire," and a Board of four commissioners, presided over by the Imperial Chancellor, are to form the Bank *curatorium* accordingly. In the next clause it is enacted that "the Chancellor of the Empire directs the entire operations and administration of the Bank." The Board of Directors are to carry on the business of the Bank, and it has certain secondary functions; but "in all and everything," so clause 27 runs, "it has to obey the instructions and directions of the Chancellor of the Empire." He issues instructions alike to Directors and officials of the Bank, and the State only has the ultimate voice in the appointment of the Board. The utmost that the shareholders can do is to appoint a central committee of fifteen to act as a consulting body along with the Directors. Local committees possessing similar functions may be appointed to watch over branches, and to consult with the civil servants who guide the Bank, but in all cases their function is only consultative. The whole thirty-two other banks included in the act are only to issue $ 33,750,000 of the total tax-free paper, and of these only six issue more than half a million individually. They are restricted in their note-issuing operations in other ways, each bank being compelled to work within its district. It is thought that these minor issues will not last beyond the renewal of the Imperial Bank's charter in 1891.

THE SAVINGS BANKS OF NEW YORK.

Sir William Herschell, in one of his popular addresses some years ago, made some elaborate estimates as to the prodigious waste of the light and heat of the sun, a very small portion of the aggregate seeming to reach any of the satellites of that luminary, while by far the greater part seemed not to be utilized at all. Certain ingenious political economists have made still more curious calculations in regard to the waste of capital and material wealth in the economy both of ancient and of modern nations.

It has often been shown, that nearly all the expedients for saving and economizing capital, familiar as they seem to us, are of comparatively recent origin. One of these expedients, that of savings banks, is often said to be the most recent of all. In this country the Savings Bank system has been developed with more rapidity than anywhere in Europe. The reasons for this are not far to seek. Our operatives earn much larger wages than the kindred classes in Europe; and earning more, they have more to spend and more to save. The reports of our Savings banks have always attracted great attention from economic observers in Europe as well as among ourselves, and the general interest attaching to these statistics has been enhanced since the panic of 1873. That disaster has given a profound shock to our industrial system, and economists have been curious to watch its effects upon the operative classes, who chiefly constitute the depositors in Savings banks. We recently gave some statistics as to the growth and changes of the Savings banks of this State, as well as of New England. We have now a further contribution to the same history in the report just presented to the French Legislature, a summary of which is before us; and secondly, in the annual statement officially prepared at Albany of the Savings banks of the State of New York for the year ending 1st January, 1875. The Superintendent reports that during the year 1874, ten new banks were incorporated and three were organized. The whole number is now one hundred and fifty-eight. Although several Savings banks have failed during the last few years, others have sprung up, and the number is larger now than ever before. By these statistics taken in connection with those we recently published, it appears that the question is finally set at rest as to the effect of the late panic on the Savings Bank system.

In New York, owing partly to the intelligence and good feeling of the depositors, and partly to the excellent arrangements of the Savings banks, the panic of 1873, instead of depleting them by a loss of 20 or 25 millions of deposits, produced a drain of only 5 millions, most of which soon returned. Hence, in this State, as in others whose reports have been published, the aggregate deposits are now greater than ever before.

The subjoined table compares the effect on the Savings banks of New York of our two last great panics, those of 1857 and 1873:

SAVINGS BANKS OF THE STATE OF NEW YORK, 1857 TO 1875.

Jan.	*No. of Banks.*	*Deposits.*
1857	66	$41,699,502
1858	66	41,422,672
1859	66	48,194,847
1860	66	58,178,160
1861	66	67,440,397
1873	150	285,286,621
1874	155	285,520,085
1875	158	303,935,649

The investments reported for 1874 and 1875 compare as follows:

SUMMARY OF REPORTS.

Resources.	*Jan. 1, 1874.*	*Jan. 1, 1875.*
Bonds and mortgages	$110,773,559	$116,639,852
Stock investments	153,355,664	164,548,656
Loaned on public stocks	5,335,601	3,238,209
Loaned on stocks or bonds of private corporations	2,265,317	1,919,643
Loaned on personal securities	554,322	581,224
Amount reported as invested in real estate	7,435,328	8,598,861
Cash on deposit in banks and trust companies	14,158,075	19,300,085
Cash on hand not deposited in banks	6,714,404	5,153,252
All other assets	7,017,460	8,594,790
	$307,589,730	$328,574,572
Liabilities.		
Amount due depositors	$285,520,085	$303,935,649
Other liabilities	620,693	328,677
Excess of assets over liabilities	21,448,952	24,310,248
	$307,589,730	$328,574,572
Statistical.		
Number of institutions reporting	155	158
*Number of open accounts	839,472	872,498
*Number of accounts opened during the last year	209,411	203,356
*Number of accounts closed during the last year	192,854	166,725
Deposits, not including interest, credited during the last year	$159,620,567	$150,900,959
Deposits, including interest, credited during the last year	175,774,564	167,040,908
Withdrawn during the last year	175,375,532	148,743,231
Interest on profits during the last year	19,313,760	19,809,337
Interest to depositors during the last year	16,153,997	16,139,949
Average of each deposit or account	340.12	348.35

* These items are not reported by a few of the banks; the statement in regard to them is therefore not entirely accurate.

This table illustrates the sound judgment with which, on the whole, the investments of our Savings banks in this State have been made. Of the aggregate of 328 millions to be disposed of, 116 millions have been invested in bond and mortgage, while 24 millions have been kept in bank or in the till as a fund to provide against emergencies. The stock investments amount to 164 millions.

Turning now to the Savings institutions of this city and Brooklyn, we find that in 1861 the Savings institutions were 25 in

number, and their depositors 255,485, while their aggregate deposits amounted to $55,780,572. In January, 1875, the two cities had 61 Savings banks, and the aggregate deposits were $224,962,644, of which the New York institutions held $180,010,703, and those of Brooklyn $44,951,941. This appears from the subjoined table:

SAVINGS BANKS OF THE CITY OF NEW YORK.

New York County.	*Total Resources.*	*Due Depositors.*	*Surplus.*
Abingdon Square Savings Bank	$179,753	$176,066	$3,687
Bank for Savings	22,533,823	20,582,990	1,950,833
Bond Street Savings Bank	1,965,881	1,786,165	179,716
Bowery Savings Bank	31,308,928	27,169,481	4,139,447
Broadway Savings Institution	2,282,197	2,056,088	226,108
Central Park Savings Bank	92,778	48,996*	281
Citizens' Savings Bank	8,350,417	8,017,678	332,739
Claremont Savings Bank	83,427	81,788	1,639
Clinton Savings Bank	178,791	178,068	722
Dry Dock Savings Institution	10,046,076	9,244,770	801,305
East River Savings Institution	7,982,769	7,342,296	640,473
East Side for Sailors	16,525	15,982	543
Eleventh Ward Savings Bank	729,159	713,878*	13,129
Emigrant Industrial	14,036,258	12,931,325	1,104,933
Equitable Savings Institution	55,163	52,167	2,996
Excelsior Savings Bank	529,924	521,723	8,200
Franklin Savings Bank	1,645,609	1,597,904	65,705
German of New York	12,680,477	11,984,357	696,120
German of Morrisania	626,026	598,673	27,352
German Up-Town	1,462,766	1,447,920	14,845
Greenwich	12,210,915	11,127,940	1,082,974
Harlem	1,026,425	988,064	38,361
Institution for Merchants' Clerks	3,904,133	3,724,129	180,003
Irvings Saving Institutions	3,477,217	3,112,555	364,661
Manhattan Savings Institution	9,091,916	8,739,530	352,385
Merchants & Traders' Savings Inst.	2,644,381	2,427,664*	67,240
Metropolitan Savings Bank	6,962,635	6,482,029	480,606
Morrisania Savings Bank	206,602	198,032	8,570
Mutual Benefit Savings Bank	436,350	436,350	....
National Savings Institution	4,971	1,512	3,459
New Amsterdam Savings Bank	781,120	768,593	12,526
New York Savings Bank	3,255,855	2,135,859	319,995
North River Savings Bank	883,868	841,884*	49,618
Oriental Savings Bank	369,251	361,306*	7,828
People's Savings Bank	250,449	243,559*	2,307
Seamen's Bank for Savings	14,545,172	13,822,402	722,770
Security Savings Bank	660,630	649,600	11,030
Sixpenny Savings Bank	2,676,485	2,610,115	66,369
Teutonia Savings Bank	2,053,219	2,000,495	52,724
Third Avenue Savings Bank	1,526,919	1,454,958*	6,960
Trades' Savings Bank	106,584	104,650	1,933
Union Dime Savings Bank	11,085,997	10,070,335	1,015,662
West Side Savings Bank	344,600	337,342	7,258
Yorkville Savings Bank	42,753	41,485	1,267
Total January 1, 1875	$195,335,164	$180,010,703	$15,059,279
Total January 1, 1874	$184,414,855	$179,988,796	$13,026,576

*These banks have other liabilities than the sums due depositors, which are equal to the difference between the true surplus stated above and the apparent balance reached by deducting the amount due depositors from total resources.

SAVINGS BANKS OF THE CITY OF BROOKLYN.

Kings County.	*Total Resources.*	*Due Depositors.*	*Surplus.*
Brooklyn Savings Bank	$ 13,457,453	$ 12,063,744	$ 1,393,708
Bushwick Savings Bank	39,319	38,660	658
Dime of Brooklyn	7,661,200	6,872,335	788,864
Dime of Williamsburgh	1,380,691	1,324,828	55,862
East Brooklyn Savings Bank	809,872	752,836*	37,035
East New York Savings Bank	180,752	174,293*	6,408
Emigrant of Brooklyn	209,956	205,464	4,492
German of Brooklyn	1,447,168	1,386,679	60,489
German of Kings	645,038	638,761	6,277
Greenpoint Savings Bank	571,705	547,901	23,804
Hamilton	1,935	1,935	....
Kings County Savings Institution	2,755,459	2,608,475	146,984
Long Island Savings Bank	1,344,009	1,323,334	20,675
Mechanics' Savings Bank	95,205	93,770	1,435
Park Savings Bank	181,218	177,724	3,494
South Brooklyn Savings Institution	6,908,551	6,344,706	563,845
Williamsburgh Savings Bank	11,309,732	19,396,493	913,263
Total January 1, 1875	$ 48,999,262	$ 44,951,941	$ 4,027,236
Total January 1, 1874	$ 46,771,739	$ 42,819,184	$ 3,799,762

For the whole State the report before us shows a gain in the number of depositors, in deposits, in surplus, and in the average deposit. The average deposit January 1, 1874, was $ 340.12, which was smaller than it was the year before. In fact, the average deposit has constantly increased from 1860 to 1875, with the single exception of 1873. In 1860 the average was $ 208.91; in 1865 it was $ 244.82; in 1870, $ 296.80; in 1873, January 1, $ 346.79; 1874, January 1, $ 340.12; January 1, 1875, $ 348.35. The gain in two years in the average is only $ 1.56. This is far below the average annual increase for the last 15 years.

As to the progress of Savings banks in Europe, the report above referred to contains some extremely interesting details. It has just been presented to the French Assembly by M. de Normandie. It traces the history of these institutions in various countries, showing that the first on record was formed at Hamburg in 1778 as a branch of a Friendly Society; that the example was followed in several German and Swiss towns, and that in 1798 in England Mrs. Wakefield established a Poor Children's Savings bank at Tottenham, which in 1804 expanded into a regular Savings bank, leading to the creation of about 60 others before 1817, when an Act of Parliament was passed to regulate them. In France a *Bureau d'Economie* was founded in 1787. Feuchere afterwards established a *Chambre d'Accumulation de Capitaux et d'Intérêts*. An Act of 1793 promised the foundation of a *Caisse Nationale de Prévoyance*, and the Bank of France, in the year 1801, was required to open a department for the receipt of deposits above 10 dollars; but the first real Savings bank was organized in 1818. The deposits in all Europe, exclusive of Russia and Turkey, amount to $ 1,180,000,000. They have, during the last few years, largely increased in England and Switzerland, owing to the multiplication

of banks, and also in Austria, owing to the precautions adopted against the outbreak of a run on them during any financial crisis. England, with 32,000,000 population, has 5,334 banks and $ 309,400,000 deposited. Switzerland, with 2,670,000 people, has 303 banks and $ 57,600,000, whereas France has only 1,242 banks, its deposits before the war being $ 144,000,000, and they are now scarcely $ 114,000,000. The average deposit per head in Europe is $ 5.60, but in Switzerland it is $ 17, in England $ 9.60, in Austria $ 8.80; while in France, before the war, it was $ 3.79, and is now only $ 3.16. Out of every 100 persons, there are in England nine depositors, and in Switzerland twenty; but in France less than six. French banks lending their funds to the State received 4 per cent. interest, and the *maximum* of each depositor is $ 200. During the last years of the Empire a modification of these rules was repeatedly demanded, and two commissions investigated the subject; the Committee of 1869 recommending that a bank should be open on Sundays, at every Mairie, and that the *maximum* should be raised to $ 600. The Report sketches the history of English legislation, and extols the ardor with which all parties and creeds vie with each other in promoting the social interests of the lower classes. After noticing more briefly the systems adopted in other countries, it urges that increased facilities should be given to depositors. A bank in every center of population would be too expensive, but tax-collectors and postmasters might act as agents without impairing the independence of the banks as regards the State, the appointments being made only at the instance of the banks. France has 4,195 post-offices, whereas England has 11,316.

The Report shows that successive reductions of the *maximum* allowed to each depositor, inspired by the fear of financial crises, have crippled the development of the system. It, therefore, recommends a *maximum* of $ 400, urging that the increase of salaries, the abundance of money, and the rise in prices demand the raising of a limit fixed eighteen years ago. It insists that the low rate of interest precludes any danger of the absorption and stagnation of capital, the circulation of which is necessary. The Savings bank is only a temporary reservoir, as proved by the frequency of the withdrawals, deposits merely remaining long enough to form a capital to be invested more profitably. During the panic of 1848 the deposits were compulsorily converted into rentes at a loss to the State of $ 28,000,000, while in September, 1870, a decree issued just prior to the siege limited the cash payments to $ 10, the balance being given in Treasury bonds. This was acted upon in the country for ten months; but in Paris, on the suggestion of M. Malarce, who had consulted English statesmen on the subject, regular monthly installments of $ 10 were paid to depositors giving notice of withdrawal. This latter plan worked very satisfactorily, only $ 350,000, out of $ 2,500,000, being withdrawn, while deposits never entirely ceased, amounting during the six months to $ 150,000. The Committee advocate facilities for the creation of Scholl banks, one of which has existed at Mans since 1834, urging that providence thus inculcated in children will secure thrifty workmen.

THE MONETARY SYSTEM OF BRAZIL.

No. IV.

The law, just described, was intended to pave the way for a general substitution of all the representative currencies mentioned by it, and which circulated upon the credit of the Government, by a uniform paper currency, circulating throughout the Empire, and to reduce the copper coin to one-half its nominal value, the belief prevailing that simply making copper a legal tender only to the amount of 1$000 was not of itself sufficient to prevent the introduction of false copper.

The measure, however, of generalizing the circulation of the paper currency throughout the Empire opened the door for depreciation should counterfeiting be resorted to, and this actually occurred. The law referred to has been justly censured on this account, as well as for that feature which provided for the indemnifying of the holders of copper coin, for the half demonetized, in the same paper intended for general circulation. The truth is, that the law was received in the commercial circles with a species of panic; the exchange fell, and the decline was progressive, being simply suspended, but a short time only, as we shall see, upon the commencement of the redemption of the paper currency.

At the close of 1836, the decline became more marked, as well as in 1837. After nearly four years, in which the exchange on England showed signs of improvement, fluctuating between the extremes of 37 and 42 pence, although ranging principally between 38 and 40, which gives an average of about 39 to 39½, "we witnessed," says a commercial journal, "one of those extraordinary fluctuations to which we had previously been accustomed. Various causes combined to depress gradually the rate from 39 to 36, where it stood at the close of December, 1836, amongst which we may cite the condition of our currency, the enormous contraband slave-trade, and the partial failure of our coffee crop. Nevertheless, a reaction seemed at hand when the arrival of unfavorable advices from the markets of the United States and of Europe, accompanied by information of a great decline in Brazilian products, occurred at a time when large remittances had to be made, as well on account of Government as for half-yearly dividends." These combined circumstances, acting upon a weak market, caused in a few days a drop from 36 to 31½. The panic was not unnatural, but was certainly as unexpected as it was sudden.

In 1837, a year memorable in the trade of Rio, on account of the losses experienced as well from failures as from foiled speculations, the decline of the exchange amounted to nearly 33⅓ per

cent. from the average of the preceding four years—that is, from 39½ to 27¼ pence, or about 30 per cent. So marked a decline immediately attracted the attention of the Chamber of Deputies.

"In the last four months," said in June one of the Committee of the Chamber, "the credit of our paper currency has been violently shaken, and its depreciation is shown in a manner sufficiently sensible; for, the prices of merchandise and the premium on the precious metals have risen, while the exchange with foreign countries has rapidly declined. And although such effects may be attributed to other causes, entirely foreign to our monetary circulation, withal it cannot be denied that the prodigious quantity of paper which inundates the circulation of the Empire, the inevitable fear of counterfeits, and above all the very morose operation of exchanging paper for the copper coin, conducted at so many fiscal offices, removed from the inspection of the Treasury, and by the hands of a multitude of agents, whose probity is not assured, —it is not possible, we say, to deny that these causes have largely contributed to the depression of the exchange, and to keep up those rapid fluctuations which are so prejudicial to the financial and commercial interests of the country."

A special committee was then appointed to submit measures in reference to the circulating medium, which, being previously authorized by the Chamber of Deputies, sought the views of as many persons versed in exchange and mercantile operations as it could consult. In an elaborate report the Committee pronounced itself in favor of a reduction of the paper currency, and declared that for this purpose means should be placed at the disposition of the Government without drawing upon the ordinary revenue.

According to the calculations of the Committee, the new imposts which it proposed to create for the redemption of the paper currency would amount to 1,200,000 $ 000 or 1,300,000 $ 000; and "perhaps this sum," it said, "the present commercial crisis disappearing and public confidence restored by the certainty of the punctual and energetic execution of these efficacious measures, perhaps within two or three years the paper money may approach the legal standard of value established by the law of 8th October, 1833." In less time, should this no small advantage be realized, if the opinion of persons it had consulted was sound, that the law of the 6th of October, 1835, had had but little, if any, influence in producing the decline of the exchange; but the Committee, resting its judgment upon principles it believes to be sound, cannot adopt the idea in its full extent.

The Committee heard, amongst others, Mr. Pesneau, Mr. Birckead and Mr. Riedy—prominent merchants—all of whom referred the decline of the exchange to the inequality between the value of the imports and exports, and there is perhaps no doubt that the spasmodic decline which occurred about this time was due to the demand upon the country to anticipate deferred payments—a demand which grew out of the crisis then raging in Europe and

the United States; but it does not seem to have occurred to any of these gentlemen that the higher rate of exchange which had previously ruled was due to the *phenomenal* fact that the depreciation of the currency had not accompanied the excess of issue, and that so great a decline of the exchange as had then recently occurred would have been impossible, but for the fact that the issues of paper money had so far outstripped the actual wants of the country for a currency upon a basis of legitimate prices.

The Committee, however, seems to have been quite alive to this fact, and the Chamber of Deputies, adopting its suggestions, by law of the 11th of October, 1837, established provisions for the redemption of the paper currency, determined the manner of proceeding, created and appropriated the necessary resources, and finally directed that as soon as the value of the currency should rise to a par with the established standard of value, the resources thus created should be invested in Government funds to await the further action of the Legislature.

The redemption ordered by the legislative body was at once begun, and the paper withdrawn was burned by the Bureau charged with the administration of the sinking fund.

From the close of 1838 to 1841 some improvement took place in the rate of exchange as compared with that ruling in 1837 and 1838; but in relation to that which prevailed between 1833 and 1836 the currency showed a depreciation of nearly 30 per cent.

The partial redemption of the paper currency which had been begun was already manifesting a sensible influence, and the exchange was showing a tendency to improve; but this, however, disappeared in the face of the law of 23d November of that year, authorizing a new issue of paper money by Government to the extent of *6,000,000 $ 000; and although the redemption strangely enough was continued, its effect was naturally neutralized by the appearance of these new issues.

During part of the year 1841, the exchange still ruled between 30 and 31½, but in December of that year it declined to 29d.

At this period an increase of Government expenses led to deficits in the budget, and the Legislature found itself obliged to provide the means of meeting them. For this purpose the Government was authorized to issue bonds, paper money and Treasury notes in anticipation of the revenue, and in this unfortunate conjuncture it became necessary to suspend the redemption of the paper money.

Notwithstanding the repugnance on the part of the Government to the issue of paper money as a means of meeting its deficits, it found itself obliged to avail of this resource, and further issues were made to the extent, on the whole, of about 12,000,000 $ 000.

* The sums given here are in *Réis*. This word is the plural of *Real*, and one *Real* in Brazilian money is about half a mill. In Portuguese coin, however, it is about one mill. The modern Brazilian *Milréis* (written 1 $ 000, one thousand reis) is equal to 54 cents in gold. The Portuguese Milreis is worth about double that of Brazil.

This of course had the natural consequence of further depreciation and a lower exchange; so that, with a view of securing something of stability for the currency, the Legislature resolved in 1846 upon another reduction of the standard of value, so as to establish a parity between gold and the value which commerce seemed to have assigned to the paper currency. Thus the octave of gold, twenty-two carats fine, was raised in its relation to paper from 2 $ 500 to 4 $ 000, and four octaves being equivalent to 432 pence of British gold, there resulted a new par of exchange between Brazil and Great Britain of 27 pence per milreis. The law which decreed this change at the same time authorized the Government to withdraw so much of the paper circulation as might firmly establish and maintain this relation between the paper and gold.

From 1847 till 1857 the exchange ruled above par except in the year 1848. In this latter year the monetary disturbance which succeeded the Revolution in France reacted upon Brazil, and drove the exchange down to 21½d. inducing a large export of metal; this decline, however, as well as the slight depression in 1852, when it touched 26½, was but temporary.

The preceding facts in relation to the currency of Brazil have been collated from a Report made to the Minister of Finance by a Special Commission appointed on the 10th October, 1859, to collect information upon the subject. Circulars were also addressed by the Minister of Finance to merchants and others, submitting certain points upon which their views were invited.

The Commission in the course of its report refers frequently to the replies made to the circular of the Minister, and quotes from them:

"In the annexed answers from merchants," says the Commission, "some opinions are found referring the depressions of the exchange, which were formerly so frequent, to the serious disturbance of the circulating medium. 'On all occasions when an important decline has occurred in our exchange, and the rate has ruled for more than a year below the par,' says one of the oldest and most respectable merchants of this city, 'this was due principally, if not wholly, to the redundancy and consequent depreciation of the currency.' And in this opinion he is supported by others."

The Board of Trade of Rio de Janeiro, in replying to the Minister, used the following language: "During the period which elapsed between the failure of the Old Bank of Brazil and the year 1847, the great and frequent depressions of the exchange are explained principally as a necessary consequence of the existence of a paper-money exceeding in quantity the necessities for a medium of exchange, and always subject to increase under the needs of the Treasury. The then disorganized condition of the finances of the country, its limited production, and the several political commotions through which the Empire passed, could but aggravate all there was pernicious and hazardous in a system of circulation devoid of the usual guarantees."

In this extract the Commission very justly say: "We see disclosed the cause of the disorders of the circulation, of such frequent and sudden fluctuations, variable as the modifications of light, of that constant decline of the exchange from our earliest commercial relations; and what really should surprise us is that, in the period under consideration, and battling with such powerful elements of depression, the currency should not have succumbed and have become utterly worthless in spite of the vigor of the productive forces of the country."

After the year 1848 the public opinion pronounced itself very decidedly against the contraband slave-trade which had existed for many years, absorbing, in the payment for the imported negroes, an important proportion of the resources of the country. This change of public opinion was all that was required to arrest the traffic, and it consequently very soon ceased altogether. Upon the cessation of that trade, the product of such portion of the exports as had been devoted to the payment for negroes, was returned to the country in metal. This metal came as merchandise, and was not needed as currency in a great country already provided with a paper circulation fully adequate to its wants. The financial advisers of the Government, however, thought otherwise, and induced it to coin this metal, and thus facilitate its introduction into the circulation, imparting, by this first false step, an impulse to a speculation which, further stimulated by the chartering of sundry banks of issue a few years later, culminated in 1857 in fearful disaster, producing failures in that single year to the amount of at least thirty millions of milreis in the city of Rio de Janeiro alone, of which not less than one-half was lost to creditors, and fixing upon the commerce of the country a chronic unsoundness and a demoralization in business circles, which, until then, had been unknown to this country. This unsoundness and demoralization manifested themselves in constant failures and the most unprincipled compositions with creditors, until in 1864 a second grand catastrophe overtook the commercial community of Rio de Janeiro in the failure of nearly every private banking establishment in the city—these failures representing an aggregate of fifty to sixty millions of milreis, and yielding to creditors only 20 to 40 per cent.

Reference has been made to the coining of the metal imported upon the cessation of the slave-trade, and although this step did doubtless, as has been stated, give the first impulse to a speculative activity resulting in the fearful disasters which have been recorded, in itself, the coining of the metal, although a mischievous mistake, could not have produced such serious results.

But the presence of this metal in the circulation was found inconvenient by those who had been so long accustomed to the use of a paper medium alone, and suggested the idea of banks of issue. As a consequence, the Bank of Brazil, located at Rio de Janeiro, came into existence in 1854, with power to establish branches in the provinces, and to issue its notes under certain very

liberal conditions; and this bank was soon followed by others, also with the power of issue. The country seemed to have learned nothing from all that it had suffered from the abuse of the issue power first by the Old Bank of Brazil, and secondly by the Government, through which the currency had been successively degraded from a standard of 67½ pence per milreis to 27 pence; and the Government thoughtlessly, by the chartering of these banks, reopened the door for a repetition of this abuse, of which the banks were not slow to avail themselves.

From 1848 to 1857 the exchange was well sustained, under the new standard of value of 27 pence, which had been assigned to it in 1846, and although it was a condition of the charter of the New Bank of Brazil that it should gradually withdraw the Government circulation, its own issues had greatly exceeded the requirements of the country for a monetary currency.

From the very able reply of Mr. I. C. Mayrinck to the circular of the Minister of Finance in 1860, it appears that in 1850 the currency of the country consisted of 46,000,000 $ 000 Government paper money; 1,000,000 $ 000 notes of the Commercial Bank of Bahia; 5,000,000 $ 000 estimated gold, silver and copper; total 52,000,000 $ 000 reis.

By 1857 the Bank of Brazil had withdrawn three millions of the Government paper, but it had used its power of issue so freely that the total currency of the country then stood as follows: 43,000,000 $ 000 Government paper money; 49,967,450 $ 000 issue of the Bank of Brazil and branches; 5,000,000 $ 000 estimated gold, silver and copper; total 97,967,450 $ 000 reis.

In 1850 the exchange ruled at 28½*d.* or about 5½ per cent. above par, indicating either a deficient currency or a temporary favorable balance of trade. We incline to the latter supposition. Admitting, however, the first hypothesis to be the true one, to have added 5½ per cent to the currency then in existence would have given us 54,600,000 $ 000 reis; and it will consequently be seen how imprudent and excessive the action of the Bank of Brazil in pushing the volume of the currency from fifty-two millions in 1850 up to nearly ninety-eight millions in 1857.

As a consequence of this rapid expansion of the circulation, prices were very much increased—to such a degree that a table comparing the prices in 1859 with those in 1850, of some nine or ten leading articles, showed an increase in the sum of prices of some 60 per cent.

Nevertheless, as during the process of this inflation up to 1857 the Bank of Brazil had been able to pay its notes in metal, the exchange was maintained at or above par; but the material result of such a course of action was to over-stimulate the import, while exercising a repressing influence upon the export trade; hence when the crisis and collapse of 1857 came—arresting *in toto* the export trade—the demand on Brazil for remittances found the Bank

of Brazil unprepared with the necessary metal to meet it, and on the 11th of November the Bank found itself obliged to suspend specie payment. In 1858 the Bank made an ineffectual effort to resume specie payment, but was obliged within a few months to suspend them again; and notwithstanding the assistance of the Government, extended to the Bank by guaranteeing credits opened in its favor in London, and by means of which the Bank had been enabled to maintain a false and fictitious exchange of 26⅝ pence, the inflation of the currency had been too excessive to be controlled, the Bank was obliged to retire from the market as a drawer, and in February 1859 the exchange declined to 24*d*. to 24½. Thus the country had fastened upon it again an excessive paper circulation, inconvertible, and nearly double the amount of its actual requirements, consisting partly of Government paper and partly of notes issued by the Bank. This was the condition of things when the Government felt called upon to name the special commission, to which reference has been heretofore made, to collect information and report to the Minister of Finance.

One of the replies elicited by the circular of the Minister of Finance to merchants and others contained the following passage: "From what has been stated, our views as to our actual condition may be readily inferred, as well as the measures which we should suggest for its improvement. Little therefore remains for us to say; but that we may not be accused of any reserve, we shall describe the policy we consider to be desirable if it be possible. That our monetary system is defective, extremely defective; that it has been abused; that it is responsible for our social corruption and demoralization, the dislocation of labor and the consequent scarcity and dearness of provisions; that there exists a redundancy and consequent depreciation of the measure of value, we presume nobody will deny. These evils have been—still exist. How to cure them? That is the question. The disease, so to speak, being chronic, no good physician would employ or counsel the employment of an active treatment, or violent remedies.

"Whatever the measures, therefore, which the Government may deem it necessary to adopt, they should be applied gently, so as not to aggravate the condition of the patient. His morbid condition predisposes him to debility and relapse, and this indicates care and gentleness. Nor is this treatment less enforced because his condition arises from a violation of all the principles of prudence. A kind physician does not resent a failure to observe diet, nor even a neglect of his prescriptions. Let us thus treat our economic and social invalid.

"And so proceeding, without entering, in any manner, into the legal question of vested rights, as this does not concern us, we are of opinion:

"*First*. That the Government should by all means recover from the banks, which now exercise it, the power of issue, substituting for it a national issue; and this accomplished, then gradually

reduce the volume of the circulation until there shall be established, a little more or less, a par between the paper circulation and metal; that the Government should in no manner concern itself with the course of the foreign exchange, but should abstain from all interference with it, this being purely a commercial question, once that the norma of the currency be re-established, by a gentle and gradual diminution of its volume.

"*Secondly*. If not practicable for the Government to recover back the issue power from the banks, which now exercise it, then it should oblige the banks to make a gradual contraction of their circulation and credits on their books, until the par between their notes and metal be re-established, and this point reached, they may readily resume specie payment. Although many merchants differ in opinion with us, we are firmly persuaded that, with good faith and a sincere desire to co-operate with the Government on the part of the banks, there will not be the least inconvenience, there ought not to be the slightest disturbance of trade, from such a contraction as will re-establish, within six months, the parity of the Bank notes with metal."

Thus wrote in 1860 the compiler of these notes. The suggestion which he made as to the withdrawal of the power of issue from the banks was adopted by the Government, but not until after their imprudences had brought upon the country the fearful bankers' crisis of 1864, which has been referred to heretofore.

At the present moment there exists no bank of issue in Rio de Janeiro; but the Bank of Brazil, under the contract made with the Government, when surrendering its issue power, has still in circulation some thirty-six millions of milreis which it is bound gradually to withdraw, while the Banks of Maranham, Pernambuco and Bahia have a circulation amounting jointly to about two millions. We are thus virtually remanded to an inconvertible Government paper currency which the writer holds to be the best in the world if kept within proper bounds—that is, if restricted to the actual requirements of a country for a medium of exchange, upon a basis of legitimate prices. But the temptation to Governments to avail of the issue of paper money to meet pressing wants is very great, and the Government of Brazil was unable to resist it in the recent war with Paraguay.

It will have been seen that in 1850 the sum of the currency was fifty-two millions, and that, even admitting the premium on the exchange prevailing at that time to have been due to a deficiency of premium, this deficiency could not be estimated at more than three millions. So that in 1850 we certainly should have had an ample currency with fifty-five millions. When therefore the volume of the currency was pushed up by the Bank of Brazil and other banks to ninety-eight millions in 1857, it was manifest, notwithstanding the maintenance of specie payments and the preservation by this means of a parity between paper and metal, that, measured by the general inflation of

prices, our currency was in excess of the wants of the country by from thirty to forty millions. At the commencement of the Paraguayan war the currency was, more or less, seventy-five millions, and to this the Government added by its issues, during the progress of the war, one hundred and twenty-two millions, so that we now have, discounting some six millions redeemed by the Bank of Brazil, a circulation of one hundred and ninety-one millions; and taking the currency which we have assigned to the country in 1850—namely fifty-five millions—to have been the proper sum of its wants, and allowing an increase of 33⅓ per cent. for each of the succeeding decades, Brazil would be to-day amply supplied with medium were her currency ninety-eight millions instead of one hundred and ninety millions.

The exchange, as will readily be inferred, has fluctuated much since 1857, ranging in 1858 between the extremes of 24 and 27; in 1859 of 23¼ and 27; in 1860 of 24½ and 27¼; in 1861 of 24¼ and 26¾; in 1862 of 24¾ and 27¾; in 1863 of 26¾ and 27⅛; in 1864 of 25½ and 27¾; in 1865 of 22⅜ and 27¼; in 1866 of 22 and 25⅞; in 1867 of 19¾ and 24⅜; in 1868 of 14 and 20*d.*; in 1869 of 18 and 20*d.*; and in 1870 of 19¾ and 24⅝.

At the close of 1870 public opinion assigned to the currency the phenomenal, false and fictitious value of 24 to 24½ pence; but it must be evident to any reflecting mind that with a currency more than double in amount what is legitimately required by the country as a medium, the difference between twenty-seven pence, the par, and twenty-four, the current rate of exchange, did not mark the true depreciation of the currency of Brazil.

It must, however, be remembered that, under the enlightened policy of the Emperor Pedro II., the interior business of Brazil, as well as its exterior commerce, has increased during the last few years, and it is probable that the expanding volume of transactions may require an enlarged volume of currency to carry them on. With this principle in view, we shall easily be able to see that a part of the new paper money which has been issued in Brazil can be employed without causing further depreciation or disturbing the standard of value. To discuss this point would transcend the limits we have been compelled to impose on this history. We have space for no more than a brief summary of the present condition of the commerce of Brazil, which we give on the authority of Mr. Frederic Martin.*

The total value of the imports into Brazil, including bullion and specie, averaged £19,000,000, in the five years from 1869 to 1873, and that of the exports during the same period, likewise including bullion and specie, £22,500,000. The import duties averaged 40 to 50 per cent. There are, moreover, burthensome imposts upon shipping in the various ports. Of railways 714 miles were open for traffic, with 397 miles more in course of construction at the end of June, 1874. There were telegraph lines to the extent of 3,375 miles in the Empire.

* See *The Statesman's Year Book* for 1875. By Frederic Martin. London: MacMillan & Co.

SPAIN: HER SLOW ECONOMIC AND INDUSTRIAL DEVELOPMENT.

Of all the countries of Europe, it has been said, Germany and France offer in their present economic condition the best facilities for the practical study of the phenomena and the principles of political economy. Among the nations who occupy the second class, Spain may, on some accounts, claim pre-eminence. Moreover, on many accounts, Spain just now is commanding more attention than for many years past. As Washington Irving tells us in his "Conquest of Granada," Spain was the first country in Europe to try the experiment of issuing Government paper money. And, singular enough, it was issued in the very year in which Spanish naval prowess discovered this continent, and started a current of gold toward the Old World which was destined to enrich every country in Europe except Spain herself. The paper-money experiment is related by Washington Irving at page 173 of the work above mentioned. He copies the old narrative of Fray Antonio Agapeda, as follows, the date being about the close of the ten years' war of Granada, which terminated A. D. 1492: "The city of Alhama being taken from the Moors, the veteran Count de Tendilla, who was left Governor, was destitute of gold and silver wherewith to pay the wages of his troops, and the soldiers murmured greatly, seeing that they had not the means of purchasing necessaries from the people of the town.

"In this dilemma what does this most sagacious commander? He takes a number of morsels of paper, on the which he inscribes various sums, large or small, according to the need of the case, and signs them with his own hand and name. These did he give to the soldiery in earnest of their pay. How, you will say, are soldiers to be paid with scraps of paper? Even so, I answer, and well paid too, as I will presently make manifest; for the good Count issued a proclamation, ordering the inhabitants of Alhama to take these morsels of paper for the full amount thereon inscribed, *promising to redeem* them at a future time with silver and gold, and threatening severe punishment to all who should refuse.

"The people having full confidence in his word, and trusting that he would be as willing to perform the one promise as he certainly was able to perform the other, took those curious morsels of paper, without hesitation or demur. Thus, by a subtle and most miraculous kind of alchemy, did the shrewd cavalier turn a worthless paper into precious gold, and make his late impoverished garrison abound in money. It is but just to add, that the Count de Tendilla redeemed his promise like a loyal knight; and this

miracle, as it appeared in the eyes of Fray Antonio Agapeda, is the first instance on record in Europe of paper money, which has since inundated the civilized world."

The most recent account we have seen of the economic and industrial Development of Spain is in the new book of Mr. S. Irenæus Prime of this city. Mr. Prime, like most American travelers, is an acute observer, and criticises what he sees in a broad catholic* spirit. He says: "They have a legend here that Adam made a visit to the earth, a few years ago, to see how his farm was getting on. He alighted in Germany, and found schools, and colleges and books, and the people intent on learning. He soon left it for France, where the people dressed in fantastic styles, and were mad upon works of art and improvements unknown to our great ancestor. Disgusted with all he saw, he came down to Spain, and, with delight, he exclaimed: 'This is just as I left it.' Adam was nearly right. Of all the countries in Europe, this is more *as it was* than any other. The greatest calamity that ever happened to Spain was its expulsion of the Moors; and it will be a century, perhaps many centuries, before the arts and sciences will flourish on this soil as they did before that year, so memorable for the discovery of the New World by Columbus, and the overthrow of the kingdom of Granada by Ferdinand and Isabella. Both those events, forming the most momentous epoch in the history of Spain, occurred in the year 1492, from which period we may date the decline of an empire enriched by the untold wealth of a new world added to its possessions, and strengthened by the destruction of its former conquerors and masters. Foreign capital and enterprise have forced railroads across her mountains and plains, but the capital and enterprise of the world cannot make them profitable, when the people have no industry and no ambition. The mines of Spain are so rich that she has no need of possessions in the gold fields of the Western hemisphere; and they have been known and worked ever since the days of the Phœnicians, when Andalusia was the Tarshish of Holy Scripture. Yet Spain is more distinguished to-day as being behind the world, than for aught it has done or is doing for others. And it often seems to a traveler here in Spain that he is in the Orient; so many manners and customs, so many works, and, much more, such a want of things he is wont to meet with in the more civilized nations, remind him that he is among a people who have derived much of what they have and are from lands at the other end of the Mediterranean Sea. It has a mixed race of inhabitants. It would not be strange if it had a mixed government also. Successive tides of people have swept over it, and the vestiges of all are left on the surface of the nation. Very little, indeed, is known of the days when the Iberians from Caucasus,

* *The Alhambra and the Kremlin*. By Samuel Irenæus Prime. 1875: Randolph & Co., New York. This extremely suggestive little book of travel throws considerable light on the industrial life and social condition of Russia as well as of Spain. The extracts relative to Spain which we give in the text are taken from various parts of the work, as our space compelled us to make them brief and somewhat unconnected.

and the Celts from Gaul, were the rude settlers of Spain; but the traces are more plain of the Phœnicians, who came here 1,500 years before the birth of Jesus, and founded Cadiz and Malaga, and Cordova and Seville. In the year 218 B. C., the Romans came, and, of course, conquered all Spain, and reigned here just six centuries. Then came the Goths, sweeping the Romans out of Spain as they crushed Rome in Italy. And the Goths ruled Spain precisely 300 years. Then came the Moors, and, in two pitched battles, smote the Gothic Christian power to the earth, and, like a hurricane from the African coast, rushed up from the south, and never stayed its destructive course till the crescent had supplanted the cross on every tower in Spain. The Moors were lords of Spain just seven centuries. Gradually the crescent waned, as the Catholic Christian kings recovered strength, until St. Ferdinand captured Cordova, in 1235, and Ferdinand and Isabella completed the work at Granada, on the third day of the year 1492, and the last of the Moorish kings fled from the Alhambra. It was a dreadful day for Spain, when the Moors were driven out of Spain; they had conquered it, and ruled eight hundred years. Four hundred thousand Moors, Jews and Arabs left this city of Seville in a few days after it was surrendered to St. Ferdinand. Wealth, learning, taste, art, and the charm of Eastern life went out with them, and Spain has sunk lower in the scale of morals and manners ever since. An English gentleman said to me, in the rail-car in Spain one day, 'I should be glad to have you tell me what it is that impresses you the most in coming from America, and traveling in Europe.' I answered that it required some time to make a fitting reply to so great an inquiry. 'Well,' he said, 'will you take fifteen minutes to think, and then give me the result?' I replied, 'I am ready to answer now. What impresses me more than all else is, that these old countries, having been what they once were, are *what I find them now.*' It is the law of the earth, I suppose, and what has been will be, and so on to the end of time.

"But there is nothing rapid in Spain just yet. Opposite the hotel in Madrid where I was staying, an old building had been torn down to make room for another. Workmen were engaged in removing the debris to renew the foundation. You would suppose that horses and carts, or wheelbarrows and shovels, would be in use. Such modern improvements had not reached the capital of Spain. One man with a broad hoe hauled the dirt into a basket made of grass and carried it a rod to another man, who handed it to another a few feet above him, and he emptied it on a pile of dirt up there and sent the basket back to be filled again. And so, day after day, a job that with our tools and appliances would be done in a few hours, was here spun out indefinitely. Yet the palaces and cathedrals and fortresses of the southern climes have all been erected at this snail's pace, numbers and cheapness making up for enterprise and force. In Paris, in the street, a small steam-engine was at work to mix mortar, and the ease with which the process was put through revealed the secret of the wonderfully rapid

transformations going on in that ever-increasingly beautiful city. Here in Spain, to this day, where there are smooth, good roads for wheels, they still put a couple of baskets across the back of a donkey, and fill them with dirt or brick or stone, and so transport them, even when they are putting up the largest buildings.

"To see the mode of doing business in Spain, take the simple story of one day's work of mine in getting some money in Madrid. Holding a 'letter of credit' which is promptly honored in any part of the world, and is just as good for the gold in Cairo or Calcutta as it is in London, I went in search of a Spanish banker to draw a hundred pounds sterling, say five hundred dollars.

"Anastazio led the way, and soon brought us to the house where the man of money held his court. Being shown up stairs, through two or three passages and an antechamber, we were at length ushered into *the* presence.

"Senor Romero, the banker, was a man of fifty, dressed, or rather undressed, in a loose morning gown or wrapper, a red cap on his head, slippers on his feet, and a pipe in his mouth. A clerk was sitting near to do his bidding. I presented my letter. It was carefully read, first by the clerk, then by the principal. A long consultation followed, carried on in a low tone, and in Spanish, quite unintelligible to me, if it had been audible.

"It was finally determined to let me have the money, and after an amount of palaver sufficient for the negotiation of a Government loan from the Rothschilds, and taking the necessary receipt and draft from me, I was presented with a check on the Bank of Spain. When I had fancied the delays were over, they had only just begun. The Bank was in a distant part of the city, and thither we hastened, taking a cab, to save all the time we could. The Bank is a large and imposing edifice of white stone. In the vestibule was a guard of soldiers. A porter stopped us as we were about to enter the inner door. We must await our turn, as some one else was inside! Only one at a time was the rule. Benches were there, and we sat down, admiring silently the *moderation* of banking business in Spain. At length our turn came. We entered a room certainly one hundred feet long. Tables extended the whole length. Behind them sat clerks very busy doing nothing. We were told to pass on, and on, to the lower end of the room, where we entered another, the back parlor, or private room of the officers. They were closeted out of sight, smoking, of course, and giving their wisdom to business in hand. I presented the check at a hole out of which a hand was put to take it. I saw nothing more. We sat down and waited. Waiting is a Spanish institution. Everybody waits. Nobody gets anything without it. We waited, and waited, and waited, and at last the little hole opened again, and the mysterious hand was thrust out with the — money, you suppose; not a bit, but with the check approved. We must present it at the table or counter for payment. Returning to the long room, we presented the check, and

were directed to the proper bureau. And here, of course, we got the money. Not yet. Bills of the Bank of Spain were given us, and when I required the gold, I was told that gold was paid only at the bureau of the Bank in another street. Thither we now pursued our weary way. It was a rear entrance of the same Bank building. A long line of gold hunters was ahead of us. We stood in the cue, and at last were inside. In the anteroom we had to wait so long that we took to the bench again. At last, admission being granted, we were told that only *one* could be admitted with a single draft. We sent Antanazio in, and returned to the door. Here we were told that no *exit*, only entrance, was allowed at the rear! Explaining the case we got out, and returning to the front, patiently as possible, we looked for the appearance of Antanazio laden with gold. At last, for the longest delay has an end, the man emerged with the money in his hands.

"It had cost me from two to three hours in the middle of the day to draw this money, which in New York, London, Paris, or any other city out of Spain, would have cost five minutes or less. And I have been so particular in the detail, because it lets you into the mode of doing business in the capital city, and the greatest bank of this country.

"Until the French and English companies pushed railways into Spain, travel and mails were on the slow-coach system. When the Royal person made a journey, it was like the march of an army, such was the retinue required for comfort and display. And as the railways are now completed only along a few great routes, the mails are largely carried in the diligences and coaches expressly made for that purpose. It is said, and there is no reason to disbelieve it, that down to the year 1840, when a Spaniard proposed to himself the danger and toil of a journey, it was his invariable, custom to summon his lawyer and make his will; his physician to learn if his health was adequate to the undertaking; and finally his priest, to confess his sins and get timely absolution.

"It is not regarded now so formidable an excursion to go across the kingdom, but the native travel is so little that the railroads are very unprofitable. If it were not for *freight* they would not be supported at all. They have, however, greatly increased the correspondence of the country, and the rate of postage has been reduced so that it is about as low as in other European countries. But the Government keeps a sharp lookout upon the letters that come and go. At times when conspiracies are snuffed in every breeze, it would be quite unsafe for any one to intrust a secret in a letter going by mail. A Government spy would be sure to have his hand on it and his eye in it, before it reached its address. The letters in the Post-Office at Madrid are held four hours after the arrival of the mail, before they are ready for delivery. The mail from the north, the London and Paris mail, comes in at ten o'clock A. M. We must *wait* until two o'clock P. M. for our letters. Then a list of all letters not directed to any particular

street and number, or to some post-office box, is posted up in the hall of the office,—an alphabetical list. You look over the list, and if you find a letter for yourself, you ask for it at the proper window. If you are a stranger, your passport is demanded. But you had been told before coming to Spain that no passports are required, and now you must have one merely to get your letters. In default of a passport, you must in some way establish your identity. This is not always easy in a foreign country, but then nothing is easy in Spain. I got no letter from the Post-Office addressed to me while I was in Spain! The noted rebel, General Prim, was a dreadful bugbear to the authorities, and all letters addressed to me were suspected by the local postmasters to be intended for the General. They were therefore sent to the Government or otherwise disposed of. No efforts to recover them were successful. Much good may they do the people who had to read them. Some of them had hard work, I know.

"Telegraphs are spreading over Spain, as they are over the world, civilized or not. Spain is one of the last countries where they could become popular; but the business of any kingdom that has relations with the outside world must be armed with the telegraph, or it cannot hold its own. In traversing wild and secluded parts of the Peninsula, I have been surprised to find telegraph poles set up, and the wire stretching on over hill and dale. Spain is slow, and the telegraph is not demanded here by the energy and enterprise of the people, as it is elsewhere. Despatches of more than one hundred words are not sent. To or from any part of the Peninsula, ten words may be sent for about twenty-five cents; twenty words for fifty cents, thirty words for seventy-five cents; but the count includes every word written by the sender, date, address, signature, and if a word is underscored it counts two. Great precautions are taken to insure accuracy in transmission, and a small extra charge is made for delivery.

"They plow to this day with a tree, the root sticking into the ground and scratching it a little, or they leave a branch shooting out at an angle from the stem of the tree, and sometimes they cover this stick with a bit of iron, and with mules or oxen drag it along the field. They sow broadcast and plow it under. They use no harrows. It is barely possible that one of the modern civilized plows has found its way into Spain, but I saw none, and heard of nothing better than the butt end of a small elm tree. Yet agriculture is the greatest business of Spain, suited to the habits and genius of the people, who love the sun and enjoy the open air, and dislike trade or mechanics of any kind. And, more than any other people in Europe, the Spanish do as their fathers did, despising all innovations as unworthy of their ancestral dignity. The farmers of Virgil and Homer, and the rural scenes which are described in the Old Testament Scriptures, are the counterpart of what may be seen in Spain to-day. I am reminded daily of the fields in Asia Minor, in Syria and Greece. If it were strange that improvements in husbandry had made very little progress

there, much more surprising it is to find that all things in this country continue to be as they were. They are so near the rest of the world, and the means of communication are now so ready, it is a marvel of marvels that they are still in the same ruts their fathers were one thousand years ago.

"But there are signs of better times. The law of primogeniture has been abolished, and this new measure tends rapidly to the multiplication of owners of real estate. The lands of the Church have been sold and divided. Vast tracts held by the Crown have also been distributed by law among the people, at a moderate price. Agricultural societies have been formed, and cattle shows and fairs are becoming common. These things are in the right direction. The Government has established agricultural schools and model farms.

"The present population of Spain, making due allowance for increase since the last estimate, is about 16,400,000. It is therefore the *eighth* of the European powers in numbers. Italy and Turkey being both ahead of it. The increase in Spain is only at the rate of less than the half of one per hundred annually. At this rate the number would double only once in one hundred and eighty-one years, placing Spain behind every country in Europe, in this respect, except poor Austria. She doubles once in one hundred and ninety-eight years; then Spain; then France, once in one hundred and twenty-two years; Holland once in eighty years; Scotland, once in forty-six years; Prussia, once in forty-one years; England and Wales, once in twenty-nine years.

"One of the most curious questions in morals, politics and physiology, is started by these facts. They furnish food for thought. One class of speculators will find moral causes to explain the circumstances, and they may easily gather a pile of facts to sustain their positions. Climate, too, has its influences. The civil government, with the physical condition of the people, is to be considered.

"But when the physical, the moral, the civil, and the social state of Austria, Spain, France, Holland, Prussia, Italy, and England, is duly examined, it still remains to be ascertained why it is that the number of inhabitants increased more rapidly among the colored people of the Southern States of North America while they were slaves, and now increases more rapidly among the Irish portion of the American population, than it does among these highly favored countries of Europe. The statistics of births in New England and other parts of the United States unhappily show that, with the increase of the cost of living, and of luxury and effeminacy, the number of children born is less and less from year to year. There is no truth in political economy better established. By the comparison of an adequate number of births, the result indicated is seen to follow the deterioration of the health and the morals of any people. Oppression, which makes a wise man mad, may depress the spirits, exhaust the energies, and retard the increase of

a population, not supernaturally sustained as were the Hebrews in Egypt, who, the more they were afflicted, the more they multiplied and grew. But favored as the middle and southern countries of Europe are by climate and soil, affording the people an easy and comfortable subsistence, they might and would increase in numbers as rapidly at least as the northern, if they were so disposed.

"On the banks of the Guadalquiver, near the Moorish Alcazar, stands a famous pile, called the Tower of Gold, as well so called from its ancient color as the uses to which it has been put. Its summit gives an outlook far upon the plain across the river, and, in times of old, it has been a fortress of huge strength, to resist the enemy when threatening the palace itself. It was built by the Moors as a treasure house. When the Spaniards got possession of it, Don Pedro made it a prison for his friends, men and women, who fell under his disfavor. And then came a time when it was wanted for the purpose of holding heaps of gold, for when Columbus had gone from Seville to a new world, and the stream of gold began to flow back to Spain, this Seville, which had sent out the great discoverer, received the returning treasures, and this tower became the reservoir to contain it. Eight millions of ducats and more have been stored here at one time, *private* and public funds; and the monarchs of Spain often put their arms deep into the bins of gold, and helped themselves. The decline and fall of Spain would be a fitting theme for another Gibbon, and the lesson it teaches might be studied with advantage in the New World, whose discovery had so much to do with enriching, and then destroying the kingdom. It is very hard to speculate or philosophize on the causes that led to the prostration of a great power like this, when the element of *religion* is excluded from the study. Without the demoralizing influences of a political religion, there were causes enough to work the ruin of Spain, and, foremost among these, was the influx of wealth, that made every man greedy of a chance to get rich at the expense of the State. It is useful to recur to it now, and in our own country, because the same causes are working mightily in the same direction, and producing the same deplorable effects. It always was so, but increased opportunities increase temptation and multiply the consequences. Men now seek and obtain office, not for honor and the power of usefulness, but to get rich. Government, in the hands of such men, is an instrument of robbery, an engine of corruption, and it has in itself disease and death.

"The influx of gold from California has corrupted the American people in the same way, if not to the same degree, that the Mexican gold and silver demoralized Spain."

THE FRENCH WAR-FINE:

HOW IT WAS PAID, AND THE ECONOMICAL CONSEQUENCES THEREOF IN GERMANY AND FRANCE;

Being a translation of the paper by Mr. Wolowski, Member of the Institute and Deputy to the National Assembly, printed in the JOURNAL DES ECONOMISTES, *December*, 1874.

Preliminary Note by the Translator.

The provisions of the Treaty by which France purchased her peace, clearly revealed that the victor intended to use his opportunities to the utmost. Probably, no similar human transaction more completely illustrates the maxim—*Væ Victis*. France was stripped of provinces, humiliated by the occupation of her capital, and compelled to pay an indemnity of an amount before unheard of. It was generally believed that the ruin of France was not only contemplated, but was effectually secured by exactions of the Treaty, and its rigorous provisions for "the liquidation." Its vindictive character was more or less avowed by the Germans and justified on various grounds, such as that war had been forced upon them, and that it behooved them to protect themselves against a repetition of the offense. Whatever the sympathies or opinions of outsiders as to the moral and political questions, no one could, or did, regard without solicitude two points: 1. Could France raise this vast sum within the periods and under the conditions prescribed? and 2, What were the perturbations likely to follow from the transfer of five milliards of francs from one country to another in such a short space of time? The most serious apprehensions prevailed. The bourses, the bankers, in fact all men having commercial and financial dealings were moved and alarmed. Sinister predictions were heard on every side, and the emission of the first loan was awaited with feverish anxiety. The situation seemed so perilous, so many possible dangers lurked in "the fearful experiment," that even the German statesmen, so it was audibly hinted, quailed and intimated in their money markets a desire that the loan should not prove a failure.

The subscription was a marvelous success. It showed the unbounded confidence felt by the world at large in the resources and the good faith of France. It did more. It disclosed a vast internal wealth, the accumulated savings of a thrifty, industrious, hard-working, frugal people; a wealth whose existence was unsuspected until called into action, but which was equal to the country's need. France paid all the fine demanded of her, and even anticipated the times for so doing, without perceptibly disturbing the money markets of the world, without deranging industry and commerce, or withdrawing any relatively large amount of specie from her own citizens.

How this was done, by what sagacious combinations, with what foresight and patient calculation, how it was effected with the minimum of loss and maximum of benefit, is told in the following pages. The men charged with this great and delicate responsibility wisely and honestly fulfilled their trust, and are entitled to the gratitude of their country and the respect of the world.

Mr. Wolowski, the author of this paper, is well known to the readers of this magazine. [September, 1874, December, 1874, March, 1875.] His writings have been noted for a careful statement of facts and a luminous exposition of the principles to be deduced from them. This fair reputation is, we think, borne out by the treatise, of which a translation is here offered. But no thoughtful American will peruse it without feelings of regret and mortification as he contrasts the work of the French statesmen with the policy pursued in our own land. We boast of our superiority over other nations in education, in progress, in free government, in enlightened legislation. But in France, their great work was accomplished within twenty-seven months, from the 1st June, 1871, to the 5th September, 1873. The war debt was discharged, the country liberated of invaders, public confidence restored, business and manufactures thriving, foreign commerce increased in 1873 twenty per cent. over 1869, gold was returning, and the new Public Debt being absorbed at home. This prosperous condition of affairs continues, so that to-day it may be safely asserted that the whole civilized world is indebted to France, and that after the interest on the new debt, more than half a milliard, is paid, as much money (two milliards) is annually put by and capitalized by the people as before the war. All this has been done under a provisional government, without parchments or charters or constitutions.

Just ten years have elapsed since the termination of our civil war. We have tinkered our Constitution, have passed acts of Congress and issued Treasury orders without number, and yet we see everywhere financial disorders and panics, industrial interests prostrated, our commerce dead, taxation increased, scandals multiplied, currency depreciated, gold exported, immigration arrested, and the National finances in hopeless and hideous confusion.

THOMAS BALCH.

Philadelphia, March 6th, 1875.

AUTHORITIES CITED: *Rapport sur le payement de la contribution de la guerre et sur les operations du change qui en ont été la consequence, by* MR. LEON SAY, Deputy from the Seine, formerly Minister of Finances; *Das Reichsfinanzen* (The Finances of the Empire), by DR. ADOLPHE WAGNER, Professor of Political Economy at the University of Berlin; *Die funf Milliarden*, by MR. LUDWIG BAMBURGER, Deputy to the Reichstag; *Die funf Milliarden, Bertrachtungen uber die Folgen der grossen Kriegnutschadignug* (Considerations as to the influence of the great war-payment on the economical relations of France and Germany), by DR. SOETBEER; *Theory of Foreign Exchanges*, by THE RT. HON. GEORGE GOSCHEN, M. P.; *Le Change et la Circulation*, by MR. L. WOLOWSKI. [In addition to these, may be mentioned two excellent articles in the *Revue des Deux Mondes*, from the pen of a much esteemed author, MR. VICTOR BONNET: *Le Payement de l'Indemnité Prussienne et l'état de nos finances; La Liberation du Territoire*, July, 1873, and *Les Billets de la Banque de France sous le regime du cours forcé*, July, 1874, carefully translated by MR. GEORGE WALKER, under the title of "*The Example of France.*" New York, 1875. In *Blackwood*, February, 1875, is also an article, *The Payment of the Five Milliards*, in which, whilst closely agreeing with Mr. Wolowski's views, some of the figures, based on various "private calculations," differ from those of Mr. Leon Say; in one instance as much as £10,000,000.—*Trans.*]

Mr. Wolowski's Introductory Remarks.

The deplorable war of 1870 has inflicted on France immense material sacrifices, without mentioning the bitterest and most grievous of all, the loss of Alsace and Lorraine. We have paid the conqueror five and a half milliards, and when we add to them the expenses incurred, the provisions destroyed, the ruins to be repaired, the damages suffered, ten milliards is the smallest amount at which we can estimate the blow given to our public fortune.*

Never had people such a heavy burthen to bear, and never was there a more serious subject of study for practical political economy.

We shall endeavor to arrive at the general bearings of the financial problem involved in the events of the last four years. The details are worthy of a careful investigation, and useful lessons of practical science can be drawn from them. If, as the English assert, Political Economy is before all things *a matter of facts*, an exact observation of which discloses the law which governs them, let us try to appreciate the admonitions inscribed on this sad page of history.

Many old errors have been dissipated, many prejudices have vanished, and truths, taught by abstract theory, have been undeniably established by experience. Most of the problems debated by Economists encountered the infallible touchstone of actual facts. The true sources of national wealth, the circulation of specie, the power of credit, the duty of banks, the emission of currency notes, the unity of a representative circulating medium, compulsory circulation *(legal tenders)*, the power and elements of exchange, the balance of trade, the effects of importations and exportations, the displacement of capital, the imposition of taxes, the industrial production, the redistribution of public charges, the losses sustained on the one side, the advantages gained on the other,—such are the varied aspects under which it behooves us to study the greatest financial operation not only of this century, but of all time, the payment of our War-Fine.

This payment was promptly made, although one's imagination shrank back in dismay before the difficulties, and what seemed the almost impossibility of such an undertaking. To find in ready cash, and transfer such a mass of milliards, appeared equally desperate. And even if it became a success, did not that bring with it another danger? Whilst certain spirits recoiled from the bold supposition of a speedy execution of our solemn engagements, others seemed quite ready to forget under what conditions and at what price we were to fulfill them.

The burthen was heavy but not crushing. The fruitful development of public wealth received a check, but its fountain was not exhausted. Those causes which brought about the gradual transformation of our labor in all directions were not destroyed; they

* A writer in *Blackwood's Magazine* for February, 1875, makes the aggregate much larger—£416,495,000.

are diligently aiding in the reparation of our losses in and in the resumption of our interrupted acquisitions.

Our age has witnessed an immense economical revolution, whose principal agents have been freedom of labor and exchange, progress of information, application of the sciences to industry, the potency of steam, the extension and rapidity of means of communication, the wonders of credit, the multiplication of commercial relations furthered by the postal reform and the important discovery of the electric telegraph, a forecast more vigilant and an activity more energetic,—prolific consequences of that personal initiative which everywhere accompanies the conquests of liberty and the confirmation of public order.

Adam Smith has inscribed on the opening page of his immortal work: "It is yearly labor which is the first source of the wealth of nations." Invigorating words for those States which know how to work zealously and save prudently! Words of consolation for those who understand how losses undergone are to be repaired!

France will know how to gather fresh strength in the necessity of facing the new burthens. To understand the gravity of this duty we must begin by ascertaining the extent of our disasters, discarding from the beginning a common error long since demolished by political economy.

Our ill-luck, say these people, has imposed upon us the payment of nearly six milliards. But it is scarcely possible that the most favorable estimates can make the whole of the gold and silver in our country reach such a sum. Yet they must be paid in *cash*. If public wealth consists in the specie reserve and we must pay our last franc, why then France will be absolutely ruined.

Thank God! this phantom of the mercantile world misleads very few nowadays, and the spectacle which we have witnessed was of a character to dissipate it forever. Gold and silver form a capital, and consequently are an instrument of production. They furnish the primary material for an admirable mechanism, which, by bringing men together and facilitating the exchange of products, helps to diminish drudgery and augment the recompense of labor. But the precious metals are only a small part of the real public wealth; that part which is the most unstable and the most easily renewed. We have handed over to Germany nearly six milliards, yet scarcely the sixth part of this mass of money was in fact transferred, either in gold or silver. And more noteworthy still, our stock of specie has already recovered from this temporary decrease, and has regained the level at which it was before the war.

Do we mean by this to say that the material traces of our disasters are effaced, and that affairs are restored to their former condition? No. We have settled for the War-Fine, but we must bear the grievous load of its payment for many a long day to come. It will be dangerous to deceive ourselves as to this. Our debt has been transformed, but it is not extinguished.

I.

How were that transformation and settlement accomplished?

An important document emanating from the pen of authority, the *Report* presented by Mr. Léon Say on behalf of the Committee on the Budget for 1875, *on the payment of the war indemnity, and the exchange operations which resulted from it*,* gives us clearly and fully the answer to this question. By this admirable work, Mr. Léon Say has shown that he becomingly continues the traditions of his family, and that he worthily bears the illustrious name of his grandfather, Jean Baptist Say, the great economist, and the honored name of his father, Horace Say, formerly member of the Academy of Moral and Political Sciences.

M. Léon Say was well fitted for the task which he has so successfully accomplished. He had published some years ago a translation of the *Theory of Foreign Exchanges*, a book by Rt. Hon. George Goschen, an eminent member with Mr. Gladstone in a Ministry justly distinguished for its ability in all matters pertaining to economy and finance. It is esteemed classic authority on this little-understood subject, and the Preface, with which the translator enriched it, is a fit accompaniment to the work itself. The whole mechanism of foreign exchange, and the varied elements which compose it in our day, are unfolded with the greatest precision. It is the best possible commentary on the history of the payment of the Five Milliards, a history so lucidly given by M. Léon Say.

By a lucky coincidence we received at the same time the work of Dr. Adolph Wagner, Professor of Political Economy in the University at Berlin, on the *Finances of the German Empire*. The author enjoys a justly merited reputation by reason of his numerous publications on financial and banking questions. His new book is devoted to a careful examination of the manner in which Germany was paid the sum imposed on us as a war contribution, and of the results of that payment. The figures given by Dr. Wagner are all drawn from official documents of the Empire. They enable us to verify those compiled by M. Léon Say, whose exactness they fully confirm.

Dr. Wagner candidly declares that at the time of signing the treaty of Versailles much embarrassment was experienced in finding a correct term for the enormous contribution inflicted on France. The bulk of it was not a *war-indemnity*, for the sum vastly surpassed the expenses to which Germany had been put. The highest calculations did not, as Dr. Wagner admits, go beyond one milliard and a-half as their cost of the war, so that there was an excess of quite four milliards to be dealt with.

"The magnitude of the sum exacted"—we here quote Dr. Wagner's own words—"not only excited the indignation of France, but provoked a certain surprise in neutral countries, and also among

* See *Journal des Economistes*, Nov. 14, 1875.

peoples friendly to us. Nay, even Germany herself was astonished. The Five Milliards did not accord with the charges, direct or indirect, of the German Exchequer, and went beyond the total of all the losses experienced, even when the re-establishment of our military power was therein included." But Dr. Wagner, though he does so with some reserve, adds that this sum does not appear at all exorbitant so soon as its real character is assigned to it; that is, of a WAR-FINE (pénalité de guerre, kriegstrafe). The rate should then be high, he contends, not only in the financial interests of Germany, but in order to inflict on France an ineffaceable recollection of it.

This purpose is amply accomplished. But this is not all. "The payment was intended, by its very enormousness, to exercise a pressure on the finances and the whole economy of France. * * It applied the penalty of a partial confiscation of the national resources." According to this view the War-Fine had a meaning analogous to the separation of Alsace, Lorraine and Metz. France must be weakened, and it is from a political stand-point that the war-payment is to be appreciated and adjudged.

We will avow it, this rough plain-dealing pleases us. Like Dr. Wagner, we think that the word *indemnity* cannot be applied to a *war-contribution* which was dictated more by political than pecuniary interests. We thought that the progress of civilization had inaugurated an era of less harsh international law. No doubt that France, in days gone by, committed similar errors which she must dearly expiate. We neither wish to conceal them nor to palliate them. We reach only the sad conclusion, that our age should boast less of its pretended progress in philosophy and humanity.

"The promptness of the payment," says Dr. Wagner, "has furnished the French with new matter of pride. They brag that it has been paid, and benevolent outsiders glorify the resources of France." Our author seems to find some consolation in the notion that this too hasty self-appreciation will prove unfounded. According to him, "the pressure of heavier taxation has not yet made itself sufficiently felt, and he, who does not thoroughly estimate the economical and financial burthens consequent on the war-payment, is quite likely to fall into error. The happy effects of a relative calm are felt, and the potency of credit is developed in a manner more dazzling than lasting. France seeks to persuade herself that the *liquidation of the war* is accomplished. Moreover, the losses which have occurred since 1870 have been in fact defrayed by the loans and advances from the Bank of France; that is to say, by a corresponding creation of paper money. The fresh appeals to credit have called forth foreign subscriptions for the greater part, and thus enabled France to disengage herself from Germany by a vast operation of international exchange. ***But for the bulk of the sum France has only shifted her creditors.*** Instead of the German Empire she must now pay the foreign holders of her rentes. The French themselves could furnish their part of the loan only by

divesting themselves of investments made in foreign funds, such as Austrians, Italians, and foreign railway stocks and bonds. In precisely the proportion that France ceased to be a creditor of the rest of the world, did she surrender a revenue derived from the productions of other countries. It is thus that she has paid off Germany. The French tax-payers must henceforth pay to the holders of the *Rentes* the dividends which they formerly drew from abroad."

This picture, which Dr. Wagner draws, is not flattered, yet it is by no means lacking in correctness. There is in it a salutary warning, more valuable to us than empty conjectures fit for nothing but to cherish dangerous illusions. It is just the occasion when we can say with our charming Lafontaine:

> Nothing more dangerous than a friend indiscreet;
> Better, far better, a wise enemy to meet!

Dr. Wagner declares that by realizing these foreign investments the payment of the War-Fine has been marvelously facilitated, and that, too, without touching the productive instruments of labor of France. This is the essential point, and it gives us pleasure to see it clearly stated by such authority, confirmed as it is by Dr. Soetbeer.

As to the boastfulness with which Dr. Wagner reproaches the French character, it must be admitted that if it ever existed the nation is cured of it. M. Léon Say's report furnishes on this point a sufficient answer to Dr. Wagner's assertions. It does not dissemble our hopes, nor does it underrate the charges bequeathed to the future. In it is to be everywhere found the faithful description of a desperate situation from which there was no escape, except by almost miraculous efforts, possible, thanks to an extraordinary co-operation of propitious circumstances acting as a counterpoise to the severity of our country's fate. But corresponding resources are not to be renewed either so promptly or readily; such heroic sacrifices cannot be again expected; besides which, the rarest ability was needed to pluck from them the salvation of the country.

But these exertions have been better rewarded than Dr. Wagner supposes. It is true that our financial position is not brilliant, but its solidity can not be doubted. We have succeeded in facing an immense peril by the strength of our resignation, by an appeal to all the living sources of production, by the help of all of our past savings. All that Dr. Wagner says on this point, Mr. Léon Say had already disclosed, but the latter opened up prospects less gloomy.

Whilst the circulation of notes of the Bank of France was more than doubled for a certain time, sustained as it was by extraordinary demands on the market, brought about by the operations consequent upon a colossal loan rather than by the compulsory circulation, yet the well-known prudence and wisdom of that great institution have already reduced to normal proportions the bulk of

its financial transactions. The one milliard six hundred millions of increase in its circulation have been cut down to one milliard, the greater part of which is in notes of less than one hundred francs, which were forbidden before the war, but have since been adopted everywhere. As for the specie reserves, they are at their former level, and represent one-half of the notes in circulation. We thus escape the peril, so justly denounced by Dr. Wagner, of *an unsteady circulating medium.* Compulsory circulation is but nominal, and the note passes at par with coin. We have therefore no reason to dread, as much as some people suppose, any legislation for a return to specie payments. The foundation of all our transactions has never ceased to be other than that solid ground, gold and silver; we chose to make other sacrifices so as to maintain this mighty security.

II

How have we paid the contribution? Dr. Wagner evidently caught a glimpse of that which M. Léon Say's report has brought clearly to light. To acquit ourselves promptly, we have had recourse to an immense loan which lays upon us a lasting load. To pay in cash whilst touching only temporarily our metallic reserve (already reconstructed), we were obliged to dispose of a large amount of investments made in foreign countries, adding thereto the products of former and the results of present labor, and thus to accumulate the elements of a colossal operation of international exchange.

The old doctrine of the *balance of trade* suited the times when the movement of international values was concentrated in the exportation and importation of products. The difference had to be paid in specie; the affluence of gold and silver composed the profit.

Without entering into an examination of this doctrine, there is a new fact which modifies its conclusions in a remarkable manner. Mr. Goschen has developed it with great force in his *Theory of Foreign Exchanges*, and his translator, Mr. Léon Say, has completed the demonstration. The employment of capital in foreign investments modifies the old condition of things remarkably; we may say that this employment exercises at the same time both a financial and a political influence.

Formerly the power of States to extend themselves was manifested by aggression and conquest. The old colonial system was nothing else than systematically making the most out of distant countries, doomed to become exhausted in order to supply the exigences of the mother country: misery on the one side, small profits on the other; such was necessarily the inevitable result of the spoliation of delinquent colonies by the periodical reapings of an insatiable conqueror.

England, which had exhausted every form of government gained by the sword, changed the system. Experience proved to her

how ephemeral and unsatisfactory were the advantages of the old method. She has opened up a new one, by introducing capital, which fertilizes, in place of brute force, which desiccates and destroys. By means of what might be called the *colonization of capital*, she has communicated to the backward populations of the globe the means of elevating their condition and improving their lot by exchanging for the products of labor the surplus of a profit, which they would not have realized without this fructifying combination.

Thus there has heen achieved, between different countries, the beneficent alliance of the results procured by labor and preserved by foresight and industry; and thus were diminished the difficulties of labor, whilst it was made much more productive. This combination has marked the starting point of the new progress of human societies.

The *colonization of capital* is rapidly developed by quickness of profits and facility of communications. It has led England to upheave, so to speak, an alluvial land, richer and richer, the voluntary products of which have taken the place of extorted tributes. The exchange of instruments, intended to conquer the resistance of rebel nature, for a portion of the advantages created, has, at the same time, benefited, without detriment to any one, those who found themselves delivered from the hardest privations and those who obtain a part of the increased riches.

Such is the real meaning of the commercial system for which England opened the way, and in which France has, in turn, entered during the last twenty-five years. The products of the year's labor which surpass the satisfaction of immediate wants were partly employed at home to develop the productions of the country more and more, and partly used without, to furnish countries more behindhand with the means of elevating themselves in turn. From one place to another, under different forms, the capital of England and that of France have served, as that of Holland formerly did, to furnish advances either to States which have contracted public debts, or to companies which have undertaken useful creations, or to private individuals who have thus obtained profitable resources.

The annual revenue which England derives from numerous investments made in other countries is reckoned by milliards. Without rising so high, the profits proceeding from the same financial policy are reckoned for France, before the war of 1870, at hundreds of millions. Naturally these investments, in which an increased risk always enters, were also the source of a larger income from dividends and interests.

The profit derived from this source prepared for us powerful elements of deliverance when misfortune imposed heavy burdens upon us. Indeed, the foreign investments supplied the substance of a large compensation, and their transformation into the national subscription to the loan has allowed us to obtain the indispensable

materials of exchange, by means of a vast arbitration. Compelled to borrow funds at a high rate, we greatly diminished the difference which separates the revenue of foreign values from the revenue of French values, especially when we take into the account the difference of the risk run. By the natural course of things, the reserves of the past, accumulated in foreign values, could be employed in meeting the cruel demands of the present. We have in great part paid Germany with our foreign means, and the greater portion of the new debt inscribed in our "Grand Livre" has already returned into French hands.

It is true that we no longer handle the annual profit which was supplied to us by foreign countries. Germany has succeeded to us in this respect; but our home production has escaped the great danger of finding itself diminished, for our instruments of labor have not been injured, and the spirit of labor and economy which distinguishes France continues its peaceful conquests.

We have been able to pay, that is the essential point; Dr. Wagner need not remind us at what cost. Léon Say's report mentions it. It contains curious researches respecting the nature and the amount of the foreign investments of which we have been obliged to despoil ourselves, and it does not forget to keep an account of the increase of taxes, rendered inevitable by the imposition of a new debt exceeding eight milliards. Dr. Wagner has blackened too much the picture of this burden, as well as exaggerated the bad effects of *the compulsory circulation* (legal tender), restrained as it was within the bounds traced by prudence.

The learned Berlin professor is wrong in introducing largely into the account the dissatisfaction and trouble which the collection of the new taxes must occasion. Undoubtedly they are heavy and are a burden upon industry, but we have resigned ourselves to them, and never were there fewer strikes and coalitions, or fatal discussions upon the question of labor. Our agriculturists and our manufacturers have comprehended the severe duties which devotion to the country imposed upon them, and our workmen have sacrificed certain pretensions and many prejudices in obeying the same patriotic feeling.

The causes of our former prosperity, although fettered by new burdens, must tend to the same productive results; but the reserves obtained during the past few years have received a different destination.

We have just mentioned how the realization of a part of the foreign investments had assisted the subscription to the late loans and the payment of the War-Fine. We must add another element to it. The considerable increase of the wealth of France for a quarter of a century was due to labor, to exchange, and to economies; every year* some hundreds of millions, thus obtained, were directed toward foreign investments. The movement has undoubt-

* Maurice Block puts them at £80,000, and Blackwood says a much larger sum, but does not give the amount.—*Trans.*

edly slackened; it has undergone a certain restriction, but it has not been stopped. Savings continue to play their part, but the investment of them is differently directed. New resources have been, in still greater proportion, employed at home. There was a certain period of stoppage in shifting capital intended to be spread among peoples less advanced, and to fertilize labor there. Our loans absorbed in a threefold manner a part of the reserves which other countries had attracted. To values realized are to be added those which proceed from the product of investments retained, as well as the sums which, if it had not been for those loans, would have shared in new investments abroad. The work of liberation has operated, so to speak, in a double way: it has gathered in the legacy of the past, and it has diverted from their usual employment sums which otherwise would have continued to be put out abroad. Three years have been devoted to the transformation of reserves which are now converted into the French funds.

These resources must have been considerable, to bring about the subscription or the redemption on French account of a loan of five and a-half milliards, which, by virtue of an economical law, consecrated anew by this vast experience, have successively returned to their original country.

III.

This is not the only instructive side of our recent financial history. We have solved a problem of which little or nothing was previously known, the prompt transfer from one country to another of an immense capital whose payment in specie was exacted by our creditor.

Dr. Wagner points out, as peculiarly interesting, an examination of the means whereby such sums were collected, and, if we may be allowed to use the expression, *decanted* into Germany.

Mr. Léon Say's report explains wonderfully well the manner of applying on an immense scale, the *financial policy* which has overcome this formidable difficulty, without causing a profound disturbance and without bringing about the metallic cataclysm which was dreaded. We rely on his facts and figures.

This double problem, equally formidable from either view, consisted in finding the *wherewithal* for a colossal contribution, and in knowing *how*, after the resources were once collected, to discharge it without compromising everywhere the equilibrium of the circulation; how to transport this enormous bulk without shattering the financial mechanism of the world.

Let us recall our mournful history.

The preliminaries of peace between France and Germany were signed at Versailles on the 26th of February, 1871. The first article imposed upon us a fine on account of the war of five milliards of francs, the first milliard of which was to be paid in 1871, and the four others within three years.

The Convention of Ferrières, adopted on the 11th of March, 1871, completes this financial stipulation, by establishing (art. 15) the value of the thaler at 3 fr. 75, and that of the German florin at 2 fr. 15.

Lastly, the definitive treaty of Frankfort (May 10, 1871) specifies the periods and methods of payment.

We were required to make a payment of five hundred millions thirty days after the restoration of order in Paris, for the horrors of insurrection were added to the calamities of invasion. This unhappy country, victim of the foreigner, was reduced to a war with its own children!

In the course of the year 1871 we were obliged to pay one milliard more, 500 millions on the 12th of May, 1872, and the three remaining milliards were to be discharged on the 2d of March, 1874. Interest at five per cent. was added to the principal due, on the 3d of March in each year. We stipulated for the power of anticipating the payments on giving three months' previous notice.

This power had not been contested, although it was connected with a question of the greatest importance, that of the gradual and final evacuation of our territory. It was not supposed that the payments could be faithfully made at the times appointed. Dr. Wagner's work fully informs us what were the expectations of the conqueror in this respect, and fears existed among us as well as hopes with the Germans. Imagination stood aghast before the enormity of the obligation imposed upon France. Yet all has been paid, even before maturity, and the entire evacuation of the territory has been hastened by about a year,—a great service which we cannot too often recall, rendered by the illustrious statesman, the Chief of the State, whose skillful measures have hastened our deliverance.

Our entire payment, including the interest, amounted to 5,315,-755,853 francs. The accounts published in Germany bring it to 1,484,551,274 thalers, representing, at the rate of 3 fr. 75 to the thaler, a total of more than 5 milliards 567 millions of francs. It exceeds by about 252 millions the sum paid by the French Treasury; but this is explained, because we must add the 200 millions of contribution demanded of Paris, and some contributions paid by other cities.

The totals agree. They prove the exactness of the calculations:

Germany received in notes of the Bank of France	125,000,000
We have surrendered to her the ownership of the Eastern Railroads, at	325,000,000
Total	450,000,000

There remained then to be paid in cash or in German bills more than 4 milliards 850 millions. The mode of payment prescribed by the treaty allowed only of the notes of the Bank of England, notes of the Bank of Prussia, the notes of the Royal Bank of

Holland, notes of the National Bank of Belgium, and notes payable to order or negotiable bills of exchange of the first class, payable at sight, upon these same countries.

The rate of the thaler was established at 3 fr. 75, and that of the florin at 2 fr. 15. The exchange was not settled for the other bills, these not having in Germany the liquidating character of lawful money. They were received in payment, certain not to appear in the account except by the net product of their negotiation in thalers and florins, made by the German Government, the cost of collection being deducted. It is but just to say that the financial councillors of Prince Bismarck had neglected no precautions.

To meet our engagements, we had issued a first loan of two milliards, the operations of which, begun on the 1st of June, 1871, were completed on the 6th of March, 1872, and allowed us to cover the first periods of payment, amounting, in principal and interest, to nearly 2 milliards 162 millions of francs. Deducting the 325 millions for the estimated value of the railroads of the East, we paid 1,836,860,367 francs, in

Notes of the Bank of France	125,000,000 fr.	
French Gold	109,001,504 "	85
French Silver	63,016,695 "	
Specie and Notes of German Banks	62,554,115 "	93
Thalers	312,650,509 "	01
Florins of Frankfort	25,816,752 "	37
Marcs banco of Hamburg	116,575,592 "	13
Florins of Holland	250,540,821 "	46
Francs of Belgium	147,004,546 "	40
Pounds Sterling	624,699,832 "	28
Total	1,836,860,367 fr.	43

We were forced to appeal to the reserves of all the great financial States, and to the resources of the principal commercial places.

The work of paying the three milliards, begun on the 29th of August, 1872, was ended on the 5th of September, 1873. It comprised, in principal and interest, a total of 3,153,800,085 francs 86 centimes, and was divided as follows:

French Gold	164,001,555 fr.	25
French Silver	176,275,180 "	75
Specie and notes of German banks	42,485,029 "	28
Thalers	2,172,663,212 "	03
Florins of Frankfort	209,311,400 "	42
Marcs banco	148,641,398 "	27
Marcs of the German Empire	79,072,309 "	89
Belgian francs	148,700,000 "	
Pounds Sterling	12,650,000 "	
Altogether	3,153,800,085 fr.	86

We shall mention by and by how our Government succeeded in realizing a considerable saving by exchanging itself the values of different countries into German denominations, instead of abandoning the care of this operation to our creditor.

How did we obtain the necessary resources? By loans, charging ourselves for a long time to come with the burden of their interest. Here Dr. Wagner is clearly right. We have paid Germany, but we are still in debt to other creditors. Our debt is transformed, to the great advantage of the country, but it is not extinguished. But we believe that, if the burden is heavy, we are equal to it.

The faithfulness with which we have fulfilled all our engagements has strengthened the credit of France, notwithstanding the disasters experienced and the losses borne. But, this confidence in our punctuality in paying what we owe, has opened to us a remarkable extent of financial co-operation. The great Richelieu said so at a time when hardly any one suspected the real power of credit, *Confidence is a capital upon which one can always draw*,* and we have neglected nothing to render confidence justly deserved. Our country has submitted to the most painful sacrifices, not only to meet all its engagements, but also to prepare for their future redemption. The resources of the budget of receipts have been calculated in such a way as to cover the actual expenses, and also so as to prepare for the gradual diminution of the burdens bequeathed by the past. If any fault has been committed it has proceeded from too great an anxiety to efface this sad legacy of our misfortunes, and one is tempted to say: *felix culpa*.

The two milliards loan procured a payment of 2 milliards 225,994,000 francs. The loan of three milliards was still more productive. It gave the Treasury 3,498,744,000 francs. Altogether the credit of France has supplied her with more than 5 milliards 724 millions of francs. We have no cause for vanity, for they are so many obligations which the country must meet, so many permanent charges which the increase of taxation must cover. But we may add that it is an eloquent token of the sacrifices to which France has resigned herself, whilst calculating to balance them by the results of diligent labor and submissive economy.

What deserves particular attention is the exact parallelism between the payments of the loans and the resources devoted to our liberation. The funds intended for the payment of the war-fine were regularly appropriated to it. They were employed as rapidly as possible in the discharge of the debt which was to procure the liberation of the territory.

Thus, we have paid what we owed with the product of the loans, we have taxed the future in order to pay the sums necessary for immediately freeing the soil and for doing honor to the word of France. Dr. Wagner deceives himself when he supposes that too optimist an illusion makes us forget the burthen of to-morrow, when we have thrown off the load of to-day. France is not guilty of such want of foresight. When she has witnessed a public debt, which in the beginning of 1870 did not amount to 12

* Or as the late Mr. John Jacob Astor once expressed it: "Money you can use only once, credit you can use always."—*Trans.*

milliards, almost doubled; when she has already voted 700 millions of taxes to meet the new expenses, she is not disposed to misunderstand the sad teaching of the past. She knows what awaits her, she knows the load of future budgets, which for a long time will carry the penalty of our faults, and she takes care not to blind herself so far as to forget the responsibility of those who committed them. She has not shrunk from any sacrifice for freeing her territory; she will not shrink from any sacrifice for paying what she owes; but she is not ignorant that she remains a debtor for all the losses experienced. She understands the real situation better than Dr. Wagner imagines, and she bears with patience the inevitable weight of the increased taxation.

IV.

Collecting the sums intended to pay the War-Fine was not all. It was also necessary to transmit to the conqueror the exact equivalent of this enormous mass in its cash value. This was not the least delicate part of the task, as we shall presently show. In thus mortgaging the future we obtained, thanks to a use of that credit whose elasticity could only be measured by the emergency, besides the resources indispensable to discharge the debt due to the foreigner, those needed for the other consequences of our disasters. The latter were nearly equal to the War-Fine. To effect this we have resigned ourselves to the creation of 700 millions of new taxes, we have devoted to the liberation of France the profits hitherto employed in increasing her riches and her power.

But what would have become of us if we had not collected considerable reserves? if we had not been able to divert, towards a sad but henceforth inevitable destination, the new accumulation of wealth proceeding from the same source? if we had not found and utilized the existing power of credit in modern society? and lastly, if the mechanism of an improved and expanded circulation had not allowed us to use all the new means for transforming into cash and freedom-giving values this vast mass of indebtedness, without causing the profound disturbance which was feared for the monetary situation of the whole commercial world? It was this union of these elements which enabled us to overcome difficulties apparently insurmountable, and to spread over a number of years a load under which France was in danger of succumbing.

We are not disposed to forget, as Dr. Wagner accuses us of doing, either the investments in foreign countries, now lost, nor the revenues which, at present, are handled in Germany instead of among us, nor the difficulties connected with the taxes. *They have not yet felt them enough*, he says; we can allay this apprehension. France has suffered much and she is still suffering, but if she can find consolation, it is in the thought that she has discharged, cost what it might, all her engagements, and that she is

working to fill up the breach made in the national wealth. She does not deserve a reproach for either desponding or boasting.

The mischief is not yet revealed in its full extent, adds M. Wagner. We shall neglect nothing to prevent its augmentation, and we hope for success, without our country being exposed to injurious excitements or fatal disturbances.

We have not had recourse to the dangerous seduction of a paper money intended for the payment of our debts. Dr. Wagner is in error respecting the nature of the emissions made by the Bank of France. They have not served for a pretended discharge, founded on a fiction. We have paid by executing a mortgage on our revenues, and not with a sham currency.* We have profited by the power of credit, because we have kept solid its foundations, instead of resorting to unsubstantial resources.

When we thoroughly examine the increased demands for a circulating medium at a period when operations for ready money are multiplied, and when we think of the movement created by the payment of immense loans, and by the shiftings of exchange, we are no longer surprised at an increase of some hundreds of millions of notes beyond the ordinary limits.

Moreover, actual experience has completed the teachings of theory. Every one has learned a good deal, and we do not hesitate to admit that we formed no adequate idea of the possible extension of the circulation, when it answers to a serious demand, and reposes upon a confidence merited by prudent conduct and the desire not to disturb the natural course of business.

The expansion of the circulation of the notes of the Bank did not wait for the *compulsory circulation* to reach a considerable sum. It was 1,485 millions at the beginning of 1870, against a metallic deposit of 1,203 millions of francs. The Bank note then circulated as a real specie-certificate. There were only 252 millions which were not covered by coin.

When *the compulsory circulation* was decreed in the month of August, 1870, the maximum of issue was fixed at 2,400 millions. This amount was increased to 2,800 millions by the law of December the 29th, 1871, and finally to 3,200 millions by the law of July the 15th, 1872.

But in proportion as the note became the chief and almost exclusive instrument of domestic exchanges, the circulation more and more took the form of notes for moderate and small amounts. In January, 1870, there were 397,648,200 francs in notes of 100 francs, and 42,911,750 francs in notes of 50 francs, altogether 440 millions of notes of 100 francs and 50 francs. Smaller notes did not exist. When the maximum, which was only reached for a short time, amounted on the 31st of October, 1873, to 3,071,912,300 francs, more than two-thirds of this colossal sum were represented by notes of 100 francs and less.

* The author uses *hypothéque* antithetically to *hypothèse*.

On the 29th of January, 1874, the circulation of the notes fell to 2,832,869,828 francs, and of this amount notes above 100 francs amounted only to 922 millions, whilst there were

884,484,800	francs in	notes of	100	francs.
274,656,300	"	"	50	"
28,588,725	"	"	25	"
628,464,600	"	"	20	"
93,622,600	"	"	5	"

that is to say, for more than 1,900 millions of middle-sized and small notes, those under 50 francs amounted to 750 millions of francs. Their issue explains the difference of the total amount, finally established, from the previous amount of the fiduciary emission, taking into the account the increase of the exchanges. The last statement furnished by the Bank (December 10th, 1874,) gives a circulation of notes of 2,547 millions against a metallic reserve of more than 1,317 millions. The difference is therefore reduced to 1,230 millions, or less than the circulation of the note of 100 francs and under, which is perfectly well sustained.

This approximation of figures allows us to judge of the temporary extension of the compulsory circulation. It also explains the little disturbance which that proceeding occasioned in the situation of the market. The extension of business and the adoption of the small notes prevented the course of exchange from rising, and the circulation of the notes proceeded exactly as though a metallic circulation. There is something here to assuage Dr. Wagner's apprehensions and to calm the anxiety of Mr. Soëtbeer. This increased issue only answered the demands of legitimate business, without furnishing the payment of the War-Fine with a factitious element which would not have failed to come back upon our market and disturb it.

The Government had the good fortune to meet with the devoted support of a solid institution, famed for the wisdom and even for the severity of the principles by which it is governed, and which offered an ample margin of guaranty for the notes issued. It gathered the fruit of that financial foresight which rejected the illusions of a pretended liberty of issue, which it was attempted to confound with the liberty of banking.. This latter has nothing to do with the power of creating genuine monetary instruments. Like the administration of justice and the establishment of weights and measures, it forms part of the attributes of the State.

The unity of the circulating medium has greatly contributed towards maintaining for the note of the Bank of France the confidence which it inspires. Dr. Wagner has not sufficiently appreciated this power, and he has exaggerated the danger of the resumption of specie payments. We cannot repeat it too often; we must not regulate ourselves solely by the past. It is of importance to measure the new dimensions of the circulation by the movement of the circumstances which reflect the immense develop-

ment of production and exchange, and which exhibit themselves by the necessary accumulation of the precious metals, as well as by the ingenious operations of credits and of the transfers of bills, which scarcely suffice to do the augmented work of actual transactions.

We have freely used the note, but we have not, as Dr. Wagner imagines, abused it. We have known how to resist its deceptive facilities, by constantly guiding ourselves by the infallible regulator of the *exchanges*. These always exhibit faithfully the real situation of the money market, and their fluctuations instantly proclaim the faults committed. The information supplied by this inflexible monitor has not ceased to control, with us, the transactions of the Treasury and the Bank of France. Equipped with this compass, we have avoided shipwreck.

It is thus that we were able to increase successively the amount of the issue, in order to provide especially for the temporary needs created by the great operations of the Loan. The advances made by the Bank to the Treasury have had this character: they did not bring with them the danger of a call for paper money in a permanent manner and for excessive amounts.

If any danger now exists, it is that we may misapprehend the bearing of past events in what relates to the bank-note. We succeeded, thanks to a thoughtful foresight, in raising the issue to a total of about three milliards, but we did it only amidst circumstances which cannot reappear in the same proportions. That which appears to us to be more to be dreaded than the resumption of speçie payments, which will be accomplished without the embarrassments predicted by Dr. Wagner, is the illusion excited by an enormous circulation employed without perceptible inconvenience, because it has benefited by conditions altogether exceptional. We should be in danger of deceiving ourselves greatly respecting the resources of paper money, if we did not thoroughly take into consideration the circumstances which have prevented this mass from depreciation.

In ordinary times, the course of exchange measures *the metallic value* of [*monnaie fiduciaire*] currency.* It is still more essential to consult it at the period of *compulsory circulation;* for it alone testifies to the moderation or excess of the issue. At this moment the permanency of a favorable course of exchange attests the reality of the business for which the notes serve as a vehicle, and proves that they do not weigh heavily on the market by their excess. The metallic reserve is strengthened; † more than half of the notes are secured by coin; we can confront the return of specie payments without fear.

(Concluded in the next number.)

* Upon this subject, see *Exchange and Circulation*, by the author.

† The present stock of specie in France has been recently estimated at 1,550 millions; some writers put it at even more. Every week there are remittances of gold to Paris.—*Trans.*

SUGGESTIONS ON THE FINANCIAL PROBLEM.

[CONTRIBUTED.]

In applying any exhaustive remedy to our disordered currency, reference must be had, not only to the resumption of specie payments, but to the ultimate and permanent status which the currency should assume. The operation of resuming should be so conducted as to keep in view a reorganization of our monetary system on a more stable basis. Among the schemes of more than doubtful utility with reference to this object is that of establishing a colossal bank with a capital of $ 500,000,000, or even one-quarter of that sum. So vast a concentration of capital in one organization and under one management is unnatural, and could scarcely fail to be less safely and profitably managed than the same amount distributed in smaller capitals among many organizations. The efficiency of capital may be diminished by too much organization. The industrial forces cannot exert their full power under anything so resembling military discipline. Our monetary system will naturally take a more democratic form.

One serious difficulty with banks having so large a capital is, that in order to make as good a rate of dividend as smaller institutions, they are constantly tempted to keep their reserves at too low a point. The *Economist* in a recent article points out in the case of the Bank of England, the workings of a large capital in this respect. The dividends of last year and those of the four oldest London Joint Stock Banks, are compared as follows:

			Rate, per cent.	*Paid up capital.*
Bank of England		£ 1,455,000	10	14,553,000
London and Westminster	£420,000		21	2,000,000
Union	244,000		17½	1,395,000
London Joint Stock	252,000		21	1,200,000
London and County	240,000	1,156,000	20	1,200,000
Excess of Bank of England dividend		£ 299,000		

Owing, however, to the excessively large capital of the Bank of England, this larger dividend gives a lower rate than the smaller dividend of any other of the banks named. If the capital of the Bank were reduced to £ 7,000,000 (about $ 35,000,000), which would be equal to the capital of the Bank of France, and of the Second Bank of the United States, the funds, which draw a profit (£ 31,368,000 on Feb. 3d), and, consequently, the profits would be diminished by less than one-quarter, giving a much better rate of dividend. In other words, the more a bank can live on borrowed capital, the better rate of dividend it can make; and banks of

very large capital are not likely to live as much relatively on borrowed capital, as smaller ones. Hence, the Bank of England, in order to increase its rate of dividend, keeps a reserve, which, in proportion to the magnitude and character of its liabilities, is actually less than it kept in 1844. The largest portion of the increase in the Bank's deposits, other than public, since 1844, consists of the balances of other bankers, and it is this portion of the deposits which, being most likely to be called for suddenly, exposes the Bank to the greatest danger. In 1844, out of a total average reserve of £8,500,000, but £900,000 consisted of bankers' balances, leaving a margin of £7,600,000. In 1873, the average reserve was £11,220,000, while the bankers' balances amounted to no less than £8,500,000, leaving an excess of only £2,720,000 for the Bank's own proper liabilities. During the crisis of 1857 and 1866, the reserve fell several millions below the amount of the bankers' balances, so that the latter, if demanded, could not possibly have been paid without a suspension of the act of 1844. *The Economist* argues, therefore, that the reduction of the capital of the Bank "would augment the safety of the public, and would tend to make the business of the Bank of England itself more satisfactory and more secure." If British writers are beginning to discuss the propriety of reducing the capital of the Bank of England, Americans may well pause before establishing in this country a bank that would dwarf even that institution. It cannot be reasonably expected that the results of such an experiment would be more favorable in this country than in England. Here, as there, such a bank, in its struggle to make as good a rate of dividend on a large capital, as other banks make on a small one, would be continually tempted to reduce its reserve below the point of safety, thus creating periodical uneasiness and alarm. Nothing but financial genius of the highest order could be trusted with the management of the huge machine, to say nothing of the high moral qualities required. This country has many able bankers, but who among them would be adequate to responsibilities so vast? At a time when the liberties of American citizens are more than ever menaced by the power of overgrown corporations, the creation of such a monster to dominate the money market, would be singularly inopportune. These objections do not apply with so much force to a bank of no larger capital than the Second Bank of the United States. Such an institution, if kept clear of politics, and managed on sound, conservative principles, might prove useful as a regulative force in our financial system.

Another proposition is to take away from the banks the function of issuing notes, and confine the exercise of this privilege exclusively to the National Government. The furnishing of a circulating medium is something distinct from ordinary banking, and the union of the two marks an imperfectly developed monetary system. But that of the United States has scarcely reached the point where it can dispense with this union. In time, the country will become prepared for a more highly organized monetary system, with a

greater subdivision of operations. At present, to take away from the banks the right to issue notes, would in many parts of the country amount to the annihilation of banking. Our more thickly settled localities may have reached that stage at which deposit and discount banking may thrive without any assistance from note issue, but in a large, probably the larger, part of the country, it is otherwise; and in these, if the profits derived from circulation were taken away, the business would prove a losing one. These sections would, therefore, soon suffer from a lack of banking facilities, which would be worth more to them than the interest which the Government would save by monopolizing the privilege of issuing circulating notes for them.

Such a measure must also be considered, not only in reference to its present effects, but in its bearing on the future growth of deposit banking. Mr. Bagehot, in his interesting book, "*Lombard Street*," very ingeniously points out that it *is* the note issues of a bank which in the order of time precede the acquisition of deposits, as in the former the bank is active, while in the latter it is passive, and that by means of its note circulation the bank introduces itself to customers and secures their deposits. "A system of note issues," he says, "is, therefore, the best introduction to a large system of deposit banking. As yet, historically, it is the only introduction. No nation, as yet, has arrived at a great system of deposit banking without going first through the preliminary stage of note issue." The measure proposed would, therefore, not only annihilate banking in many parts of the country for the present, but would take away the most efficient, if not the only instrumentality for introducing it in the future.

Nearly all will probably agree that the National Government should never relax its hold on the currency of the country. But the power of the Government over the currency should be used, not to destroy, but to strengthen our banking system. It should be the aim to reconcile the interests of the banks with those of the nation. John Stuart Mill (*Political Economy*, Book III., ch. xxiv., § v.) offers a suggestion which deserves attention in the present situation of this country. It is, "that Treasury notes exchangeable for gold on demand should be issued to a fixed amount, not exceeding the minimum of a bank-note currency, the remainder of the notes which may be required being left to be supplied, either by one or by a number of private banking establishments." This is so nearly the type of our present system, which necessity, not choice, imposed upon us, that the transition would be comparatively easy. The limit of Treasury notes might be fixed at three hundred millions, backed by a reserve of specie equal to half that amount, leaving to the banks the benefit of supplying the varying quantity of circulating notes in excess of that amount. The Treasury notes should be a legal tender for all debts except those due from the Government, as legal-tender notes have been found, after forty years' experience in Great Britain, to be a useful

palliative in times of pressure. But the iniquitous provision, by which Government promises are made a legal tender for Government debts, is a most ingenious contrivance for breaking the promise in reality while keeping it in form, and, whether constitutional or not, should never again find a place on our statute books. Banks should be required to secure their circulation by depositing with the Treasurer of the United States either bonds or specie,—the latter, if deposited, to be counted as part of their reserve, to be kept distinct from the balance of the Government funds, and appropriated to no other use than the redemption of bank notes, on presentation.

It is fashionable to underestimate the quantity of the precious metals needed in restoring and maintaining specie payments. Gold and silver ought to constitute from one-half to two-thirds of the total circulation. According to recent estimates, these metals constituted more than two-thirds of the currency of Great Britain, and nearly three-fourths that of North Germany. In this country, it has been less quite as often as it has been more than one-half. Our condition in this respect November 1st, 1874, will appear by the following comparison:

National Bank notes	$348,791,152
Legal-Tender notes	382,000,000
Fractional currency	48,151,024
Total of irredeemable currency	$778,942,176
Add coin certificates	22,070,400
Total	$801,012,576
Specie* not over	237,000,000
Total of notes and specie	$1,038,012,576

At present, therefore, less than one-fourth of our currency consists of specie. On a specie basis, the total volume of the currency might amount to $800,000,000, of which $450,000,000 to $500,000,000 should be specie. Under our present monetary system the demands

* NOTE.—

Estimated stock of specie in the country January 1, 1861		$240,000,000
Estimated production from January 1, 1861, to November 1, 1874		896,877.000
Total		$1,136,877,000
Excess of exports up to November 1, 1874	$716,595,000	
Estimated consumption in the arts at $9,000,000 per annum on the average	124,000,000	
Estimated export from Southern States during the war, of which there is no account	60,000,000	
Total deductions		900,595,000
Balance remaining in the United States November 1, 1874		$236,282,000

This is some $69,500,000 in excess of the estimate of the Director of the Mint made on a different basis. The consumption of the precious metals in the arts cannot be accurately known, but the Census reports show that the raw material used in those manufactures of which they constitute the principal ingredients, was $7,747,000 in 1860, and $12.488,800 in 1870. It may be roughly estimated that materials other than gold and silver comprised in these values, are offset by the quantity of these metals used in other manufactures. Some of the material used in the arts, estimated in McCulloch's Commercial Dictionary at one-fifth, is old metal melted over. Deducting this, there remains for the consumption of new gold and silver in the arts about $6,200,000 in 1860, and $10,000,000 in 1870, probably increased to $12,000,000 in 1874. The medium amount is about $9,000,000.

of commerce cannot be relied on to attract so large an amount of specie to our markets. No large stock of the precious metals is at present needed for commercial purposes in the United States. It must be accumulated, if at all, by the Treasury and the banks, and kept beyond the reach of commerce until resumption, when it should be put in circulation to replace the notes withdrawn and canceled, no large quantity of which can be spared from circulation till so replaced. The amount of specie needed for this purpose is measured by the excess of notes in circulation above the volume to be kept in circulation on a specie basis. This excess, except as diminished by contraction in the meantime, will reach some $400,000,000 to $450,000,000. Rigorous taxation and econony will be needed in order to provide the surplus revenue from which to accumulate so large a store even by the 1st of January, 1879. A return to the coin basis will place the country in a position to suppress the circulation of notes under $10, of which there were $295,535,485 outstanding November 1, 1874. This would effect the largest part of the required reduction in the volume of notes in circulation, and, with the currency under the control of the nation, is entirely feasible. The substitution of coin for notes under $10 will infuse into the monetary circulation a large supply of the precious metals, the deficiency of which, resulting from the issue of small notes, sometimes even for fractional parts of a dollar, has been one main cause of the instability of our currency even in specie-paying times. The policy of suppressing small notes has been tested, and its practicability demonstrated in the United Kingdom, by an experience of nearly fifty years. In 1833, a few years after the prohibition of small notes, the currency of the United Kingdom was estimated to consist of about $130,000,000 in specie, and $178,000,000 in bank notes, in all $308,000,000, with less than one-half specie. To-day, according to the best estimate, British commerce rests on the solid foundation of over $500,000,000 in specie and $220,000,000 in bank notes, in all $720,000,000, with more than two-thirds specie.

It is also worthy of consideration, whether silver should not be made a legal tender for sums of $10 or more. The pressure upon the supply of gold caused by the German coinage, and the efforts of the Bank of France to resume specie payments, is beginning to be severely felt at the great money centers. It can but be made more severe by the efforts of the United States to return to the specie standard. Anything, therefore, that can be done to enlarge the circulation of silver will tend to afford relief.

The policy of the Bank of France offers an instructive contrast to that of our Government. On the 1st of February, 1872, the specie reserve of the Bank was only $122,784,000. On the 1st of January, 1873, it had been increased to $154,064,000. On the 5th of February, 1874, to $164,385,000; and on the 4th of February, 1875, to $266,693,000, showing an increase of nearly $142,000,000 in the three years, $102,308,000 of which occurred

during the last year alone. It has, meanwhile, contracted its circulation, including post notes, from $ 580,600,000 on the 6th of November, 1873, to $ 539,411,549 on the 5th of February, 1874, and to $ 506,841,259 on the 4th of February, 1875. It has reduced its loans and investments from $ 530,350,000 January 1st, 1874, to $ 494,990,000 on the 5th of February following, and $ 364,573,000 on the 4th of February, 1875. With all this preparation, which, according to some of our American authorities, would be more than sufficient, the Bank prudently refrains from commencing cash payments, and continues to strengthen itself. The difference between such a policy and that of our Treasury Department, is that the former is based upon the principle, overlooked by the latter, that a sound currency is more important than a paltry saving of interest. Measures as vigorous as those of the Bank of France might, during President Grant's first term, have accumulated a reserve of specie that would have been ample for restoring the currency to a sound basis. The past cannot be retrieved, but for the future a policy may be adopted which shall provide the Government with a surplus revenue and devote it sacredly to the accumulation of such a reserve and to the contraction of the currency.

DUDLEY P. BAILEY, JR.

THE NEW TAX BILL.

The following are the provisions of the new tax bill as passed by the House on the 23d February by a vote of 123 to 113, and by the Senate on the 2d March by a vote of 30 to 29. It was signed by the President, March 3d, 1875:

SEC. 1. That from and after the date of the passage of this act there shall be levied and collected on all distilled spirits thereafter produced in the United States, a tax of ninety cents on each proof gallon, or wine gallon when below proof, to be paid by the distiller, owner, or person having possession thereof before removal from the distillery bonded warehouse; and so much of Section 3,251 of the Revised Statutes of the United States as is inconsistent herewith, is hereby repealed.

SEC. 2. That Section 3,368 of the Revised Statutes be and the same is hereby amended by striking out the words "20 cents a pound," and inserting in lieu thereof the words "24 cents a pound." *Provided*, That Section 3,394 of the Revised Statutes be and the same is hereby amended by striking out the word "five" wherever it occurs therein, and inserting in lieu thereof the word "six;" and by striking out the word "sixty" and inserting "seventy-five." [This increases the duty on cigars from $ 5 to $ 6 a thousand, and on cigarettes from $ 2.60 to $ 2.75.] *Provided*, That the increase of tax, herein provided for, shall not apply to tobacco, cigars or cigarettes on which the tax under the existing law shall have been paid when this act takes effect.

SEC. 3. That on all molasses, concentrated molasses, tank bottoms, syrup of sugar-cane juice, melada, and on sugar, according to the Dutch standard color, imported from foreign countries, there shall be levied, collected, and paid in addition to the duties now imposed in Schedule G, Section 2,504 of the Revised Statutes, an amount equal to 25 per cent. of said duties, as levied upon the several articles and grades herein designated. *Provided*, that concentrated melada or concrete shall hereafter be classed as sugar, dutiable according to the color of the Dutch standard, and melada shall be known and defined as an article made in the process of sugar-making, being the cane juice boiled down to the sugar point, and containing all the sugar and molasses resulting from the boiling process, without any process of purging or clarification. And any and all productions of the sugar-cane, imported in bags, mats, baskets, or other than tight packages, shall be considered as sugar, and dutiable as such. And *provided further*, That of the drawback, on refined sugars exported, allowed by Section 3,019 of the Revised Statutes of the United States, only one per cent. of the amount so allowed shall be retained by the United States.

SEC. 4. That so much of Section 2,503 of the Revised Statutes as provides that only 90 per centum of the several duties and rates of duty imposed on certain articles therein enumerated by Section 2,504 shall be levied, collected, and paid, be and the same is hereby repealed; and the several duties and rates of duty prescribed in said Section 2,504 shall be and remain as by that section levied, without the abatement of ten per centum, as provided in Section 2,503.

SEC. 5. That the increase of duties provided by this act shall not apply to any goods, wares, or merchandise actually on shipboard and bound to the United States on or before 10th February, 1875, nor on any such goods, wares, or merchandise on deposit in warehouses or public stores at the date of the passage of this act.

Section 6 provides that nothing in the act of February 8, 1875, (the Little Tariff act) shall be construed to impose any duty on bolting cloths theretofore admitted free of duty, or to require the use of stamps on the entries of receipts in the pass-books of savings banks.

SPECIE PAYMENTS.—In the Massachusetts House of Representatives, on March 3d, a bill was introduced providing that all taxes levied and confirmed in the State on and after January 1, 1879, shall be collected in United States coin, United States gold certificates, or National bank notes which are redeemable in gold on demand; that every contract or obligation made or implied and payable in this State, and made or implied after January 1, 1879, and payable in dollars, but not in a specified kind of dollar, shall be payable in United States coin of the standard of the weight and fineness established by the laws of the United States at the time the contract or obligation shall have been made or implied. The bill was referred to a joint special committee.

OUR FINANCIAL SITUATION.—THE ONLY REMEDY.

BY ROBERT MORRIS.

No. 5.

To the Editor of the Banker's Magazine, New York.

SIR: I thank you, in the name of truth and science, for the wide privilege of discussion allowed in your journal, on the subject of our financial disorders. This is the only path which can lead to the discovery of the best method for their alleviation and cure.

Thurlow Weed, in speaking of "the good time coming," says in his late letter to V. W. Smith: "We must wait patiently for a generation that will return to Congress such men as Henry Clay, John J. Crittenden, Daniel Webster, John Sargent, and their like."

David A. Wells says: "It is necessary for the country to go through with a certain further amount of hard experience before it is willing to even attempt to agree on any definite policy for resuming specie payments."

I cannot concur with either of these prophets. Such a generation as Mr. Weed contemplates is probably not again to be born on the earth. His vision, like the memories of his long life, stretches backward far into the past to conjure hope from graves. Mr. Wells looks into the future, and consoles the patient in his agonies of pain by telling him that he must suffer more before he will suffer less.

Neither can I believe in those doctors who prescribe "rest" for the patient. "The country" they say, "has done too much work—gone beyond itself—built too many railroads; it must stop and rest."

There are other doctors who deny this, and affirm that the country has built too few railroads! They point to the Valley of the Mississippi, that Nilus of the modern world, where thousands of tons of corn rot annually in the granaries because of deficient transportation to the sea-board; and they say:

"There is our true fountain of gold for specie payments! It is perennial and inexhaustible. It is the earth only that produces. You may legislate, and fund and refund, for a thousand years, and you will find no other source of that wealth which you are in quest of, to rebuild the broken arches of our national prosperity!"

There is more truth in this statement than we can afford to neglect. While our capacity of food production is unlimited by nature, it is limited by defective legislation—by a bad national policy. Consumption also is limited by defective legislation. It is not the increase of population only, but the advance of general development and culture also, that increases consumption, by the multiplication of human wants. It would involve too wide a diversion from the direct aim of this article, to attempt to show the bearings on our national wealth of the connection between our inland transportation and the income of our foreign food commerce. I refer the reader to the Congressional report of Senator Windom of Minnesota (2 vols. 1874—pp. 1300), for a complete display of the merits of the subject.

Akin to the proposition of "rest," and essentially one with it, is that of waiting for the country to "grow up" to the measure of wealth represented by our paper currency. Both of these propositions contemplate not merely a policy of "do nothing," but a policy of "let things go as they will," which, translated into intelligible English, means—let our great system of credit drift into bankruptcy; let it crumble and totter to its bare bones; and when there is nothing more to fail, nothing more to dissolve into ashes and smoke, then the demand for gold will be at its minimum, and specie payments will follow as a thing of course.

I do not believe in any of these *do nothing* doctrines. They are not commended by experience. There are no examples of successful industrial development under them in any country. On the contrary, wherever they have been tried, disorder, embarrassment and ruin have followed in their train. Society is a system of action, not of inertia. The work of social organization is a practical work of vast labors and constant accumulation. What do those doctors mean who cry out "Let the country rest!" Would they have its lands lie fallow, and by limiting production, limit also the growth of population? Would they prescribe the number of children that a poor man shall bring into the world?

I believe that the greater part of our difficulty at present is, that we are misled by "vain imaginings" as to the source of our disorders, and therefore we are misled, also, as to the method of their cure. We are groping in the wrong sphere of phenomena for teachings and elucidations which we shall never find. We are exaggerating the obstacles to the resumption of specie payments, by misapprehension of their nature; and our methods fail because they are inappropriate to the object. It is certainly not by Mr. Weed's "patient waiting for a new generation," nor through the purgatorial pains denounced by Mr. Wells, that we shall reach commercial restoration.

I propose that we abandon all these and similar fancies, and take our stand on admitted facts. It is admitted that, in all the

essential substantive things which constitute wealth, the country is as well provided at the present time as it was before the war, when specie payments were maintained without difficulty, and when the financial system was held to be sound. The commercial validity of that system was proved by the reorganization under the National law, which afforded all the proofs of liquidation, if the process was an honest one. What barrier should there be now to the maintenance of specie payments, if the resources of the country are not only unimpaired, but greatly increased, notwithstanding the drawbacks of the war? Assuredly none, excepting in the *method.* But, after a trial of nine years, there has been no adaptability developed in the National method for a return to specie payments. The currency premium on gold is higher to-day (16 per cent.) than it has been, excepting a few months, since March, 1870.

The question that assails us now is one of simple, practical organization. To instruct us in that, there is the experience of other nations, by which the same difficulties that now embarrass us have been successfully overcome. Why shall we not consent to be instructed by that experience? We have gone over the same ground, encountered and overcome the same difficulties in our own history, as a very brief retrospect will show. That history began with the establishment of the first Bank of the United States, in 1791. Under its invigorating influence, all branches of business revived, commercial credit was restored from a state of prostration, specie payments were maintained, and our National credit, as shown by the quotations of the London Exchange, became the foremost of the world. The expiration of this charter, which occurred in 1811, was immediately followed by a general depression of business, by extensive insolvency of merchants, the prostration of the National credit, and finally, in 1814, by the suspension of specie payments. The Government was involved in the most serious difficulties to meet its disbursements; and the very political party which defeated the renewal of the charter of the first Bank of the United States now hastened with alacrity to pass the charter for the second, which was done in 1816. As in the case of the former, no sooner was the second Bank of the United States chartered than the clouds of despondency scattered, and business everywhere awoke from its lethargy. Specie payments were substantially restored months before it went into operation, such was the confidence inspired by it. Several years of embarrassment followed in consequence of the excessive credits of a large number of small banks with fictitious capital, which had been created to supply the place of the retired institution; but no new disorders were experienced. A period of twenty years of prosperity followed—from 1816 to 1836—excepting only the unsettlement caused by the political warfare directed against the Bank, begun seven years before the expiration of its charter.

Commerce could not fail to experience a severe shock, when its great Bank, with 58 million dollars of loans, and 33 million of circulation and deposits, was attacked by a party overwhelmingly dominant in the National Legislature, and resolved to destroy it. But hopes were entertained until the last moment that the opposition to its re-charter would give way rather than visit such a blow on the country at the instigation of mere political enmity. The Government deposits were withdrawn from the institution in violation of contract, and in opposition to a vote of Congress, and a number of local banks under State charters were made depositories of the revenue in its stead. Several hundred new banks were created to supply its place, most of them with but a small proportion of real capital. This unexampled disturbance of the financial system brought on a crisis, which was confirmed by the definite refusal of Congress to renew the Bank charter. There was then no restraining power over the paper-money issues and loans of the local banks; and the excess to which they were carried culminated in a revulsion, which as yet was unparalleled in our history. Bankruptcy was general, involving the oldest houses, companies and corporations. Specie payments were suspended in May, 1837. The deposit banks failed with large amounts of the Government specie in their keeping, which necessarily became unavailable. The Secretary of the Treasury changed the custody of the revenues from the banks to the collectors personally; and by various expedients contrived to carry on the disbursements. The banks resumed specie payments in 1838, which was, however, to some extent but nominal. Those in and south of Philadelphia suspended again in October, 1839. The Philadelphia banks resumed in 1842-3, but the banks in the South and West generally continued for several years to struggle in the quicksands of suspension. In 1846, the Independent Treasury plan of fiscal management went into effect, and has been the law from that time to the present; but the banking system has not ceased to be subject to the same kind of shocks, fluctuations, and overturnings, as we have described. In the year 1857, the banks were again plunged into suspension by a violent but transient panic, of which the causes were phenomenal rather than normal. Specie payments were resumed before the end of that year. From that time until the breaking out of the civil war, the financial condition generally was characterized by the uneasiness and apprehension which usually attend a period of extraordinary political agitation. The practical working of the National paper system has yet given no ground of reasonable hope that specie payments can be resumed within any definite period. Mr. David A. Wells, whose connection with economic pursuits and labors as a statist commend his judgment to peculiar respect, prognosticates an indefinite continuance and heightened intensity of commercial distress "before the country is willing to even attempt to agree on any definite policy for resuming specie payments."

A summary of the foregoing sketch assumes the following striking aspect:

	Years of specie payments and freedom from financial convulsions.		*Years of suspension and commercial disorders.*
From 1791 to 1811. Period of first Bank of the United States	20	....	
From 1811 to 1816. Period of local or State banks	..	....	4
From 1816 to 1836. Period of second Bank of the United States	20	....	..
From 1836 to 1861. Period of State banks and Independent Treasury	..	....	25
From 1861 to 1875. Period of National Banking System, and State banks, and Independent Treasury	..	....	15
	40	....	44

Such is the condensed record of our financial history for eighty-four years. During the forty years covered by the administration of the two Banks of the United States, the country enjoyed positive exemption, not only from panics and the suspension of specie payments, but from those extreme fluctuations of monetary condition by which the period of forty-four years of State Bank policy was characterized. The disorders of the latter were to a considerable extent thrown over on the former period, and were corrected by it; as in 1816, when the second Bank of the United States assumed the debts of the suspended local banks to the Government, and made them immediately available as cash in the Treasury disbursements. The charges made by political newspaper editors and partisan enemies of the Bank in Congress, that it exerted an arbitrary power over the local banks, were sufficiently disproved by the fact that from 1817 to 1835 the yearly debt of the latter to the former was not less than $ 3,000,000; and after that time to the expiration of its charter, $ 1,500,000.

I do not intend to deny that there were years of prosperity and freedom from commercial panics under the administration of the local banks; but there was no such steadiness of financial movement, and no such general and assured confidence in the stability of the financial system, as under the regime of the two National Banks. Neither public nor private credit stood so fair. There were four suspensions of specie payments; and through the whole period of forty-four years there ran a constant river of apprehension, agitation, uncertainty, and fluctuation, such as had no counterpart in the other period under review. I might give endless proofs of these general statements without adding to their force, or strengthening the deductions which may be made from them; and I fear that I have already imposed unfairly on your indulgence. I will therefore conclude by a general outline of the institution which I propose as a remedy, and I believe the only practical remedy,—I do not fear to hazard the assertion that it would be a direct and immediate remedy—for the dangerous and demoralizing disorders of our financial condition.

1. That Congress charter a Bank, with a capital which shall never exceed five hundred million dollars ($500,000,000). Large as this sum may appear, it is not larger, relatively with the ground to be covered by it and the financial and fiscal requirements of the country, than was $35,000,000 in 1816. This capital should be made up in somewhat after the following example: $300,000,000 of the present capitals of the National Banks; $25,000,000 of subscription by the Government; $150,000,000 new cash subscriptions; $25,000,000 divided among the States severally. The Government and State subscriptions might be payable in bonds.

2. The term of the charter should be not less than fifty years. It should be subject to amendment or alteration by Congress.

3. It should have the exclusive right of issue of paper money, redeemable in gold and silver, and secured by stocks of the United States. The notes should be receivable for all taxes, duties and debts due the Government.

4. The Bank to be the only fiscal agent and depository of the Government. It would supersede the Independent Treasury, purchase all its buildings, transact all its business, and make all its collections, free of expense.

5. The rate of interest should be prescribed by the Bank itself.

6. It should be bound by its charter to make loans to the Government, at a rate of interest never exceeding six per cent., said loans to be secured to the Bank by bonds bearing the same rate, and not to exceed in the aggregate amount $100,000,000.

7. The Government should be represented in the management by one or more directors, who should receive a stated salary, payable by the Government; and who should be debarred from all loans, or perquisites of any kind on the part of the Bank.

8. The issue department of the bank should be entirely independent of the department of discount and deposit. The latter is a purely mutual credit relation between the bank and its dealers. Bank deposits do not consist of money, but of current credits in exchange with the depositors. And inasmuch as they are not made in money, there is no ground in justice or logic for their demand in specie. Such demand is a fatal incongruity in bank practice.

The constitutionality of a National bank can hardly be considered a question in dispute, especially since the passage by Congress of a law taxing banks under State charters out of existence, and authorizing the establishment of over two thousand banks to supersede them. But there is not wanting direct and eminent authority on the affirmative side of the question. When Mr. Madison, who was the leading opponent of the act of incorporation of the first Bank of the United States, in 1791, returned to Congress, on technical grounds, the first bill passed to establish the second Bank in 1816, he premised his objections to it by "waiving the question of the constitutional authority of the Legis-

lature to establish an incorporated bank, as being precluded, in his opinion, by repeated recognitions, under varied circumstances, of the validity of such an institution in acts of the legislative, executive, and judicial branches of the Government, accompanied by indications in different modes, of a concurrence of the general will of the nation." President Madison recommended to Congress the incorporation of the second Bank of the United States, and signed the bill establishing it, in 1816. Henry Clay also opposed the renewal of the charter of the first Bank, in 1811, but warmly advocated the incorporation of a new bank, with a capital of fifty million dollars, in 1838. In addressing the Senate on the subject, he said:

"I think the constitutionality of a bank ought no longer to be regarded as an open question. There ought to be some bounds to human controversy. Stability is a necessary want of society. Among those who deny the power there are many who admit the benefits of a Bank of the United States. Four times, and under the sway of all the political parties, has Congress deliberately affirmed its existence. Every department of the Government has again and again asserted it. Forty years of acquiescence by the people; uniformity everywhere in the value of the currency; facility and economy in domestic exchange, and unexampled prosperity in the general business of the country, with a Bank of the United States; and without it, wild disorder in the currency, ruinous irregularity in domestic exchange, and general prostration in the commerce and business of the nation, would seem to put the question at rest, if it is not to be perpetually agitated. The power has been sustained by Washington, the father of his country; by Madison, the father of the Constitution; and by Marshall, the father of the judiciary."

Above everything else, the first, and the master point to gain is, *the firm and settled* establishment of a commercial-financial policy; and consistently therewith the organization of an instrumental agency to carry such policy into effect. The characteristic and philosophic or scientific difference between the plan of local and independent banks and that of the Bank of the United States, in connection with the local plan, consists in the one being composed of completely segregated parts (indicating division of power), and the other of an aggregation of parts, so as to constitute an effective union of the power to be exercised. In 1838, on the passage of the New York general banking law, the late Judge Bronson wrote to Hon. Condy Raguet, of Philadelphia, on this subject, as follows. I may premise that Judge Bronson was a man both learned and practical in finance:

NEW YORK, May 1, 1838.

"DEAR SIR: The present condition of the commerce, currency, and commercial credit of the country, and the derangement of the fiscal concerns of the Government, will, by every intelligent man, be admitted to be the result of our pernicious banking system—a system, framed by State legislators, which sets at defiance those immutable laws to which all banks must submit, whether they will or not, in spite of legislative protection. * * I should be happy to receive from you an expression of your opinion upon the probable influence of our general banking law, and particularly your ideas of the principles on which an institution should be formed which might be made, with unerring certainty, to exert a controlling influence on the exchanges, and put in abeyance those sedative and stimulating influences which grow out of our present banking system. That system, if left uncontrolled, *will ever create vacillation and periodical convulsion* in all the business concerns of the country, at home and abroad."

Mr. Raguet wrote in reply: "I entirely agree with you in the position, that without the agency of a powerful institution to keep the issues of the other banks within prudential bounds, the anticipated benefits of the new law cannot be fully realized."

I must reserve a more extended notice of this correspondence for a future paper.

Nothing is more remarkable in our financial history, than the perpetual recurrence of the same phenomena. As in 1811–16, and again in 1830–37, there is at the present time a false appearance of business, made up by the diversion of credit from all regular trade and commerce, into the channels of speculation and monopoly. The preponderant mass of bank currency and credit is devoted to personal speculation, under the influence of which there has grown up a class of rich, luxurious and ambitious money lords and landlords, who are rapidly absorbing all enterprises and possessions which fall into embarrassment. This is an inevitable sequence of long continued depression and final ruin of the small trades and occupations, which are the legitimate basis of a healthy state of commercial prosperity and social improvement. Our public newspapers, in common with all other controlling agencies, have become demoralized, in their practice of puffing business for the sake of advertisements. They give a false aspect to everything. They have fallen into the evil habit of representing that "prospects are brightening," and that the "good time coming" has already begun. Have they not been following this strain for months and years? And what have they done but to enrich themselves, while the common fabric of credit has steadily sunk lower and lower toward dissolution.

It is my firm belief that nothing short of a National Bank, of a magnitude corresponding with the crying emergency of the times, will "undershore" the superstructure of general credit, and save all branches of business from impending ruin.

The common spontaneous objection to the organization of a Bank of the United States at the present time, is, that it involves the necessity of vesting a dangerous power in the hands of a few persons. The same objection was advanced to the incorporation of the Bank of 1791, and was then well answered by Hamilton, who said in his report to Congress, on the subject: "If the abuses of a beneficial thing are to determine its condemnation, there is scarcely a source of public prosperity which will not speedily be closed." The objection was not verified in the history of the administration of either of the two banks chartered by Congress. Neither, if it had been verified, would that be a sound and sufficient reason for failing to do what the crying emergencies of the country demand at the present time. The power of the National system, with its two thousand banks encircling the whole nation, is infinitely more susceptible of abuse than would be the organization of the same capital under a single manage-

ment. When distrust of men reaches that height at which society dare not delegate the powers necessary to its own preservation and progress, one of two things becomes inevitable—despotism or chaos! Who is to determine that such a state exists? There can be little doubt of it, when all parties cry out—*demoralization*, *corruption*. The question is not now, whether the bank power shall be one of the powers of society, but in what shape shall it be organized? Shall it be in that of two thousand banks under the management of thirty thousand men, who are unknown and out of reach, or in that of one bank with a Board of twenty-five or fifty responsible directors, who are known and within reach of the law?

Having far exceeded the limits I had proposed to myself for this article, I am compelled to an abrupt conclusion.

THE MINNESOTA RAILROADS.—The Minnesota Railroad Commissioners report that at the end of June, 1874, there was 1,893 miles of railroad in the State, since which time 40 miles of line has been completed, making one mile of railroad to 43.45 square miles of territory. These roads have a capital stock of $31,740,060, a funded debt of $86,344,154, and a floating debt of $6,255,025. The stock is at the rate of $16.767 per mile, and the funded debt $32,904, and the floating debt $3,235 per mile. The gross earnings of all roads reporting were $6,194,669, which is about 5½ per cent. on the stock and bonds. It is an increase of 12 per cent on the earnings reported for the previous year. The working expenses were 69 per cent., and the net earnings $1,894,800. Per mile the gross earnings were $3,272, the working expenses $2,271, and the net earnings $1,001. Subtracting taxes, this is reduced to $928 per mile, which is less than two per cent. on the stock and bonds, and less than three per cent. on the bonds alone. The interest on debt actually paid amounted to $1,969,331, or $245.171 more than the total net earnings, and only about one-third of the interest due was paid.—*Railroad Gazette*.

OHIO RAILROADS.—The eighth annual report of the Commissioner of Railroads and Telegraphs of Ohio, which gives the returns from its railroads for the year ending June 30, 1874, shows the length of main lines and branches in the State to be 4,374.44 miles, an increase of 211.47 miles during the year, against 376.35 miles in the previous year. There are also 1,141.52 miles of second track and sidings, being 97.34 over the previous year. The cost of the roads is reported as $268,684,952, equal to $61,422 per mile. The stock and funded and floating debts of these roads exceed the reported cost by over ten per cent., being $67,782 per mile. The amounts stated are $150,547,397 stock, $136,836,555 funded debt, and $15,596,811 floating debt.

During the year the roads carried 15,487,294 passengers—10½ per cent. more than the preceding year—and 26,199,435 tons of freight, which is 1½ per cent. less. The average receipt for passengers was 2.672 cents per mile. On 31 of the 34 lines the tonnage mileage is reported as 3,717,622,979, and the average receipt per ton per mile as 1.332 cents, which is probably a lower average than that in any other State. The proportion of earnings of the railroads for Ohio was $37,177,130; the working expenses were $27,063,274, and the net earnings were $10,113,856, or 7 per cent. below those of the previous year, and less than 4 per cent. on the cost of the roads.

A compilation of the items reported is made by the *Railroad Gazette*, and, when compared with those of 1872-3, shows that with an increase of ½ per cent. in the cost per mile of the roads, there is a decrease of 7⅓ per cent. in their receipts, of 11½ per cent. in their net earnings, and of 12 per cent. in the income on the capital invested.

THE NEW HOLIDAY LAW OF NEW YORK.

An Act to Designate the Holidays to be observed in the Acceptance and Payment of Bills of Exchange, Bank Checks, and Promissory Notes.

SEC. 1. The following days, viz.: the first day of January, commonly called New Year's day; the twenty-second day of February, known as Washington's birthday; the thirtieth day of May, known as Decoration Day; the fourth day of July, called Independence Day; the twenty-fifth day of December, known as Christmas Day; any general election day; and any day appointed or recommended by the Governor of this State, or the President of the United States, as a day of thanksgiving, or fasting and prayer, or other religious observance, shall, for all purposes whatsoever as regards the presenting for payment or acceptance, and of the protesting and giving notice of the dishonor of bills of exchange, bank checks, and promissory notes, made after the passage of this act, be treated and considered as the first day of the week, commonly called Sunday, and as public holidays; and all such bills, checks and notes otherwise presentable for acceptance or payment on the said days, shall be deemed to be presentable for acceptance or payment on the secular or business day next preceding such holiday.

SEC. 2. Whenever the first day of January, the twenty-second of February, the thirtieth day of May, the fourth day of July, or the twenty-fifth day of December, shall fall upon Sunday, the Monday next following shall be deemed a public holiday for all or any of the purposes aforesaid; provided, however, that in such case all bills of exchange, checks and promissory notes, made after the passage of this act, which would otherwise be presentable for acceptance or payment on the said Monday, shall be deemed to be presentable for acceptance or payment on the Saturday preceding.

Approved, February 24, 1875.

LEGAL MISCELLANY.

RECENT DECISIONS OF THE NEW YORK COURT OF APPEALS.

(*From the Albany Law Journal.*)

ALTERATION OF PROMISSORY NOTE.

This was an action upon a promissory note by plaintiffs as third indorsees, against the maker. The defense was, that the note had been altered after its delivery by the insertion of a place of payment; that it was not stamped when made and delivered, the original parties to it having agreed that it should not be stamped, but that it be merely a receipt or memorandum of a transaction between them, out of which the giving of the note arose. It was stamped before plaintiffs, who were *bona fide* holders of the note for value, received it. *Held*, that the note being perfect in form, except the blank after the word "at" for the place of payment, it carried with it an implied authority for any *bona fide*

holder to fill the blank, and the insertion of the place of payment and the negotiation of the note contrary to the agreement of the original parties did not avoid it in plaintiffs' hand. The rule is the same where a note is given not to be used or filled up in any way. Also *held*, that the putting on of a stamp, although the same was unintentionally omitted, did not invalidate the note. Benedict *v.* Cowden, 49 N. Y. 396, distinguished; Redlich *et al.* *v.* Doll. Opinion by Earl, C.

Promissory Note—Bona Fide Holder.

This was an action on certain promissory notes. The answer alleged that they were deposited by defendants with the payees, as collateral security upon a contract between the parties, that when the notes became due the payees were indebted to the defendant to an amount larger than the notes, and that the payees charged the notes against such indebtedness. Upon the trial plaintiff's president was sworn as a witness in its behalf, and testified in substance that the payees of the notes being indebted to plaintiff upon a call loan were called upon to pay, that they stated they did not wish to pay then, and offered additional security if the loan could be allowed to remain a little longer, and thereupon delivered the notes to plaintiff, which were received and placed with other securities. After this testimony the parties stipulated that the case should be decided exclusively upon the question whether, on the evidence given, plaintiff was a *bona fide* holder for value of the notes: no further evidence was given in the case. *Held*, that plaintiff was not a *bona fide* holder for value, as there was no valid agreement for forbearance, that the rule authorizing the pledging of accommodation notes as security for an antecedent debt did not apply, as the stipulation must be considered as having been made in reference to the defense pleaded, which was available against all except a *bona fide* holder who had parted with value upon the faith of them, and that, therefore, a judgment for defendant was proper. Atlantic National Bank *v.* Franklin. Opinion by Rapallo, J.

Stolen Bonds.

This action was brought to recover for the conversion of two U. S. bonds for $ 1,000 each, payable to bearer. Defendant purchased them in the ordinary course of business, and paid for them their full market value. The bonds had been stolen the evening before from plaintiff, and printed notices describing these bonds with others had been left at defendant's office upon the cashier's desk on the morning of the purchase. Plaintiff testified that when he demanded the bonds of defendant's cashier, he notified him of the sending of the notice, and that the cashier replied that they did not care for notice. Defendant thereupon called the cashier, and after he had testified that he did not see the notice to his knowledge, offered to prove by him substantially, that bonds of the kind stolen were received and paid out by defendant, and by

bankers and brokers generally, as money; that the amount of them and the amount stolen was so great, and the notices of theft and loss so frequent, that it was impossible for defendant, without stopping its business, to regard the notices and compare the securities offered for sale therewith. Plaintiff objected to this evidence, and it was excluded. *Held* (Reynolds and Gray, CC., dissenting), error; that disregard of or omission to examine the notice alone would not defeat defendant's title, or deprive it of the protection extended to a *bona fide* purchaser, but that the tendency of plaintiff's evidence was to impress the jury that defendant was not such a purchaser, and the purpose of the proof offered was to remove such impression and to repel any imputation of bad faith, and therefore the evidence was proper.

Also *held*, that a dealer in U. S. bonds, payable to bearer, is not bound to inquire of one offering to sell, as to his right or title thereto, or to take any special precautionary measures to ascertain or protect the interests of others in case of the purchase by him of such bonds which have been stolen; an omission on his part to examine and regard a notice of the theft left at his place of business, will not of itself, without actual knowledge or notice, deprive him of the character of a *bona fide* purchaser. (Reynolds and Gray, CC., dissenting.)

One who purchases negotiable paper before due for a valuable consideration, in good faith, and without actual knowledge or notice of any defect of title, holds it by a title valid as against every other person.

Suspicion of a defect of title, knowledge of circumstances which would excite such suspicion in the minds of a prudent man, disregard of means of information, an examination of which would disclose such defect, in fine, gross negligence at the time of the purchase will not alone defeat his title. It is evidence, but not conclusive of bad faith, and that must be established by one seeking to impeach such title. Seybel *v.* Nat. Cur. Bank. Opinion by Lott, Ch. C.

Promissory Note—Statute of Limitations.

This action was brought to recover a balance on a promissory note for $ 1,000, made by H. April 17, 1857, payable 90 days from date at the bank of N. Defendant and M. indorsed the note, and it was discounted at the bank. Before the note matured H. failed, and made an assignment. The note was duly protested for non-payment; soon after defendant paid thereon $ 500. The assignees of H. made a dividend and paid to defendant $ 90 to apply on the note. Defendant paid $ 45 of this sum to the bank, February 16, 1858, telling the cashier that it was a dividend declared by the assignees of H. to apply on the note, and that he paid it as such. June 8, 1858, plaintiff purchased the note of the bank, paying the balance due thereon. This action was commenced against defendant as indorser February 13, 1864. *Held*, that defendant's payment of the $ 45 was

a sufficient acknowledgment of his liability to take the case out of the operation of the statute of limitations.

Also *held*, that it was not error to reject defendant's offer to prove certain equities between him and M. That plaintiff succeeded to all the rights of the bank as a *bona fide* holder, and that the respective liabilities of the indorsers, as between themselves, were entirely immaterial to the bank or to plaintiff. Miller *v.* Talcott. Opinions by Lott, Ch. C., and Reynolds, C.

Principal and Agent—Usury.

This action was brought upon a promissory note payable one year from date with interest.

The defense was usury. The note was given for money loaned by C. as agent for the payee to defendant. G. C. was only authorized to loan the money at legal interest, and the payee knew nothing of the transaction between C. and G. G. testified substantially that he agreed to pay ten per cent. for the use of the money, and that he paid to C. $ 10, the surplus over the amount secured by the note. C. testified that the agreement was only for seven per cent. The court charged in substance, that if C. was authorized to make the loan at lawful interest, and did so make it, and took the note thereupon, defendant knowing of the agency, the note was not usurious, although C. at the same time made a separate agreement with defendant that he should pay for her benefit $ 10 over and above lawful interest, provided plaintiff had no knowledge and in no way sanctioned such agreement. *Held*, error, as there was no evidence of any such separate agreement.

Also *held*, that if the agreement was as testified to by G., although made without the knowledge or consent of the payee, and although the excess over lawful interest was received and appropriated by C., yet the note was usurious and void. (Condit *v.* Baldwin, 21 N. Y. 219, distinguished.) Algur *v.* Gardner *et al.* Opinion by Reynolds, C.

Liability of Bank on Acceptance of Check.

This action was brought to recover the amount of a check. It appeared that in February, 1866, one B. drew his check, dated March 1, 1866, upon defendant, doing business at A. There was written on the face of the check, "Accepted, A. J. Chester, A. Cash." C., who wrote it, had been appointed by defendant assistant-cashier, for the special purpose of signing circulating notes. He wrote it without authority and in violation of duty. The check was put in circulation in February, and was cashed by plaintiff, in New York, on March 2, 1866, in the morning, he not having notice of any defects, save what appeared on its face. *Held* (Lott, Ch. C., and Earl, C., dissenting), that in the absence of proof of prior practice or usage, defendant could not be bound by the acceptance, even in favor of a *bona fide* holder; but that

plaintiff could not be held to stand in that capacity, as the acceptance was not the common form used by banks to indicate funds on deposit to the amount of a check, as the acceptance appeared to be by a subordinate officer, whose authority must be shown, or facts estopping defendant from denying it, and as the check, if accepted at its date, could not, as the evidence showed, have reached New York in the ordinary course of the mails at the time it was cashed, which facts were enough to put the plaintiff upon inquiry. Pope *v.* Bank of Albion. Opinion by Reynolds, C.

THE RIGHTS OF NATIONAL BANKS IN LIQUIDATION.

Several attachments having been sued out by the creditors of the Cook County National Bank of Chicago, since it passed into the hands of a receiver, a sheriff of a State court proceeded to levy upon its property. Action of replevin was also brought to recover certain securities in charge of the bank. The receiver of the bank sought relief in an application for injunction, brought before the United States Circuit Court, Judge Blodgett presiding.

The provisions of the national banking act which were relied upon to sustain the petition, are these: "It is the duty of the Comptroller also to appoint a receiver, who is required 'to take possession of the bank's records and assets of every description of such association, collect all debts, dues, and claims belonging to such association; and, upon the order of a Court of Record of competent jurisdiction, may sell or compound all bad or doubtful debts; and, on a like order, sell all the real and personal property, on such terms as the Court shall direct.'

"The act further provides that, having converted the assets of the association into money, the receiver shall transmit the same to the Comptroller, who shall first pay the Government any loss it may have sustained over and above the value of the bonds deposited for the redemption of the bills, and shall then divide the balance equally among all the creditors.

"The act also provides that any person having a claim against the bank may adjust it with the receiver, or may obtain a judgment in the State or United States Courts, and, in settling with the creditors, the Comptroller takes into consideration the claims adjusted by the receiver, and also all judgments obtained in the courts."

Judge Blodgett delivered the decision of the Court as follows:

"Upon consultation with Judge Drummond they both agreed that the injunction writ ought to issue at this time. Judge Drummond was at first inclined to think, as he himself had suggested during the argument, that the proper course to pursue would have been to move to quash the attachment in the Superior Court; but upon reflection they fully agreed that inasmuch as the attachment was void and not voidable, therefore it was the duty of this Court to issue the injunction. It was plain that this attachment suit should be restrained even without the aid of the amendatory act of Congress of March 3, 1873, which absolutely prohibits proceedings by attachment against a National bank until judgment, and that, upon the showing in the present case that the bank had committed an act of insolvency, and was being wound up by a receiver, the matter comes under the general equitable jurisdiction of the Federal Court, as the attachment would interfere with the winding up of the corporation.

"If each creditor of an insolvent National bank were allowed to get out attachments, then it simply became a race between creditors—an unseemly grabbing after the assets. The National banking law does not contemplate any priority among creditors. They must all await the action of the receiver, and receive their *pro rata* after the assets have been converted. Therefore,

without the aid of the act of 1873, this proceeding would be enjoined under the general equitable jurisdiction of this Court. It was the obvious intent of the amending act of 1873 to prevent any interference by attachment or injunction with a National bank at any time; but this was more applicable to a living than to a dead bank. In this case, however, of a dead bank, it might as well be claimed that a creditor could attach property belonging to a dead man's estate, and so take the settlement of the estate out of the hands of his administrator as to attach property belonging to a bank after suspension and the appointment of a receiver.

"The same reasons apply to the replevin suit of M. Kasprowicz & Co. against Mr. Burley, as it was an open question whether the securities sought to be replevied should be held by the bank as assets, or whether the bank was merely a bailee without any interest. This question, and all others, could be better settled by the receiver, on application to, and under the direction of, the Federal Court.

"This was a better course than to allow the assets to be consumed in a series of suits in various courts, thus subjecting the estate to expense and the receiver to needless vexation.

"Injunctions will therefore go against the defendants in both cases, but, of course, not against the State Court. The sheriff will not be enjoined, as it is not the practice to enjoin the officers of other courts. The defendants must see that the sheriff, who moves solely under their authority, takes no proceedings in violation of the injunction."

TREASURY CALLS OF 5-20 BONDS FOR REDEMPTION.

The Secretary of the Treasury has issued during March two calls for the redemption of 5-20 bonds of 1862, as follows, the numbers being inclusive in each case:

FIFTEENTH CALL.—March 1, 1875.

Matures June 1, 1875—$5,000,000.

Coupon Bonds.

$50—No. 8,351 to No. 10,000.	....	$500—No. 11,101 to No. 13,600.
$100—No. 23,101 to No. 27,500.	....	$1,000—No. 33,701 to No. 39,000.

SIXTEENTH CALL.—March 11, 1875.

Matures June 11, 1875—Amount, $30,000,000.

Coupon Bonds—Fourth Series.		*Registered Bonds.*
$50—No. 10,001 to No. 15,400	....	$50—No. 2,001 to No. 2,125
$100—No. 27,501 to No. 40,000	....	$100—No. 15,551 to No. 16,743
$500—No. 13,601 to No. 20,000	....	$500—No. 8,651 to No. 9,154
$1,000—No. 39,001 to No. 66,000	....	$1,000—No. 35,701 to No. 38,073
Total............$24,063,750		$5,000—No. 11,601 to No. 12,320
		$10,000—No. 15,501 to No. 19,341
		Total...............$5,936,250

Bonds embraced in this call will be paid at any time previous to their maturity upon presentation, with interest to date of such payment, at the Treasury of the United States in the city of Washington, or at the office of the Assistant Treasurer of the United States in the city of New York. Registered bonds should be assigned to the "Secretary of the Treasury for redemption."

This call is for the purpose of obtaining bonds for the Sinking Fund, by virtue of the authority given by section 11 of the Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1876, and for other purposes, approved March 3, 1875, and in compliance with sections 3,694 to 3,697, inclusive, of the Revised Statutes of the U. S.

NATIONAL BANKS OF THE CITY OF NEW YORK.

Abstract of Reports

Made to the Comptroller of the Currency, showing the condition of the National Banks of the City of New York, at the close of business, February 28, 1873, February 27, 1874, and March 1, 1875.

LIABILITIES.	*Feb. 27, '74.* 48 *Banks.*	*Feb. 28, '73.* 50 *Banks.*	*March 1, '75.* 48 *Banks.*
Capital stock paid in	$69,235,000	$ 71,285,000	$ 68,500,000
Surplus fund	21,937,705	21,304,808	22,528,834
Undivided profits	11,462,268	10,233,861	11,101,911
National bank notes outstanding	27,085,342	27,964,671	'93,443
State bank notes outstanding	122,835	147,387	——
Dividends unpaid	177,653	256,822	239,108
Individual deposits	163,184,295	208,639,378	173,244,381
U. S. Deposits	423,716	266,935	308,116
Deposits of U. S. Disb'g Officers	40,057	96,424	28,158
Due to National banks	78,834,937	74,364,848	76,263,729
Due to State banks and bankers	25,824,395	18,307,426	28,413,019
Notes and bills re-discounted	——	67,910	——
Bills payable	——	48,479	200,000
Aggregates	$ 398,328,207	$ 432,983,953	$ 403,698,770

RESOURCES.	*Feb. 27, '74.*	*Feb. 28, '73.*	*March 1, '75.*
Loans and discounts	$ 202,058,582	$ 199,071,826	$ 204,576,448
Overdrafts	383,175	277,387	395,715
U. S. bonds to secure circulation	33,833,100	34,358,100	29,131,100
U. S. bonds to secure deposits	650,000	700,000	650,000
U. S. bonds on hand	5,143,850	3,747,550	11,264,550
Other stocks, bds. and mortgages	5,256,788	3,571,897	7,011,129
From other National banks	10,194,087	13,849,887	14,152,959
From State banks and bankers	1,901,120	1,971,250	2,199,161
Real estate, furniture, &c	8,504,600	8,547,345	9,060,156
Current expenses	1,134,561	1,166,162	1,176,828
Premiums paid	1,647,482	826,717	1,853,072
Checks and other cash items	1,546,693	1,609,934	1,849,794
Exchanges for clearing-house	46,387,021	110,965,410	59,410,970
Bills of other National banks	4,204,830	1,556,527	2,113,062
Bills of State banks	2,340	3,965	835
Fractional currency	271,970	298,942	304,605
Specie	24,686,460	13,498,549	11,706,715
Legal-tender notes	26,646,542	24,532,500	19,292,047
U. S. certificates of deposit	23,875,000	10,890,000	25,317,201
Three per cent. certificates	——	1,540,000	——
Five per cent. redemption fund	——	——	1,536,401
Due from U. S. Treasurer, other than preceding	——	——	666,015
Aggregates	$ 398,328,207	$ 432,983,953	$ 403,698,770

BANKING AND FINANCIAL ITEMS.

Recent Acts of Congress.—Among the acts passed during the second session of the Forty-third Congress, the following relate to National Banks, viz.:

An Act to amend the National Bank act, and fixing the compensation of National Bank examiners.

An Act authorizing the Citizens' National Bank of Sanbornton, N. H., to change its name.

An Act to authorize the consolidation of the Auburn City National Bank and the First National Bank of Auburn, New York.

An Act to authorize the change of the name of the Second National Bank of Jamestown, New York.

Instructions to National Banks.—A circular from the Redemption Agency of the Treasury Department, issued March 7th, thus indicates the methods by which time and expense may be economized:

In order to facilitate the issue of new circulating notes by the Comptroller of the Currency in return for National Bank notes redeemed by this agency, the redeemed notes are in all cases delivered to the Comptroller within twenty-four hours after my calls are made; and as soon as the reimbursing draft is received, or the reimbursing remittance counted, he is advised that a like amount in new notes may be forwarded. Delays in forwarding new notes to banks are often due to the exhaustion of their new notes in the Comptroller's hands, and to their failure to order an additional supply in good season. The cost of printing the new notes is defrayed by the United States. It saves time, labor, and expense for express charges, to reimburse by draft instead of United States currency.

When banks hold National Bank notes unfit for circulation, which they intend to send to this Agency for redemption, such notes may be forwarded to reimburse me for their notes redeemed, as well as in anticipation of calls, as heretofore, thus saving the express charges on the legal-tender notes, which would otherwise be returned. United States currency and National Bank notes, whether for redemption or credit, should always be forwarded in separate packages, properly marked with the amount and nature of the contents, and should be accompanied by separate letters of advice. Only notes clearly unfit for circulation are delivered to the Comptroller of the Currency for destruction. Notice of the amount of the notes fit for circulation redeemed for each bank will be given in due time.

F. E. Spinner,
Treasurer U. S. and Redemption Agent.

The Right of Search for Unstamped Checks.—The following letter has been received by the Revenue Reform Association. It is in reply to one addressed to the Comptroller, asking what right the Internal Revenue agents had to institute an inquisition into the affairs of banks, with a view to ascertaining whether they hold any unstamped vouchers:

Treasury Department,
Office of Comptroller of Currency,
Washington, March 13, 1875.

Sir: I have received your letter of the 11th inst., with inclosure. The Commissioner of Internal Revenue claims the right, under Section 37 of the Act of June 3, 1864, and Section 49 of Act of July 20, 1868, to make examination of checks in National banks, with the view to ascertain whether the required stamp has been affixed thereto. Whether he has such right has never been judicially determined, but if any National bank shall object to such examination, an issue may be made, and the question brought before the courts for adjudication. Very respectfully, Jno. Jay Knox, Comptroller.

Mutilated Currency.—The Secretary of the Treasury has decided to return to the old method of redeeming mutilated United States currency, by which a reduction is made proportional to the part of the note that is missing. The change is to take effect on the 1st of April.

The Taxation of Bank Shares.—The United States Supreme Court has recently decided a point which is of importance, in the case of Hepburn *vs.* The School Directors of the borough of Carlisle, Pa.; Error to the Supreme Court of Pennsylvania.—Where bank shares are worth 150 per cent. they may be rated at that amount for taxation; it is not the amount of money invested which is wanted for taxation, but the amount of moneyed capital which the investment represents for the time being. The Chief Justice delivered the opinion.

Forged Coupons.—Some apprehension was created in Wall street on March 4th, by the announcement that forged bonds of the Wabash and Western Railroad, of $1,000 each, were afloat. It was found that thirty-five coupons of $50 each of bonds No. 2 had been returned to the Company from the Metropolitan National Bank, where all their coupons are paid, and these were at once pronounced to be forgeries. They were due in November last, and were paid shortly after that time. The bank was deceived by not keeping an account of the numbers of bonds and coupons, and will lose the amount of the coupons, $1,750.

The Ocean National Bank.—The majority report of the Congressional Committee on the subject of the New York Ocean National Bank, fully exonerates the receiver, and the minority report originally signed by only three of the Committee expresses a contrary opinion. It is now ascertained that since the adjournment of Congress two of the members of the Committee on Banking and Currency have signed the minority report, thus making a tie in the Committee, excepting Mr. Phelps, who did not sign either report.

Cashier Sent to Prison.—In the United States District Court at New Haven, on March 16th, A. J. Hine, formerly Cashier of the Ansonia National Bank, was tried for deceiving the Bank Commissioner by false statements concerning the bank's account with Henry Clews & Co. He pleaded guilty to the charge, and was sentenced to five years in the county jail. A *nolle prosequi* was entered on seven other counts.

Georgia.—The new usury law of Georgia authorizes 12 per cent. per annum to be charged by special contract, the legal rate being otherwise 7 per cent. The penalty of taking an excess is forfeiture of the interest.

Interest on Balances.—There is a project under way among the banks in Chicago to secure a general reduction of the rate of interest paid on deposits. The rate has recently been reduced in Boston from four per cent. to three per cent., and a reduction has also been effected in New York. The banks here pay varying rates. Most of them pay four per cent. There are cases in which as high as six per cent. is paid. The Cook County paid some of its depositors ten per cent.—*Chicago Tribune.*

Illegal Bonds.—A recent decision of the United States Supreme Court, invalidating the Topeka (Kansas) bridge manufactory bonds, announces the principle that a Legislature cannot pass a statute creating a debt unless it has power to levy a tax in aid of the purpose for which the debt is created. The Legislature of Kansas has no power to tax the citizens of Topeka in aid of a manufactory; it therefore cannot pass a statute creating a debt for that purpose. "There can be no lawful tax," says the decision, "which is not laid for *a public purpose.*" The Chicago *Tribune* thinks this decision may be made available to invalidate many of the municipal debts of Illinois.

Notaries Public.—A bill has been introduced in the Legislature of Massachusetts, providing that no person being a stockholder, director, cashier, teller or other officer in any bank, or holding any office or appointment of trust or profit under the Constitution or laws of the United States, shall be appointed to the office of notary public; and that no notary public holding an office mentioned shall hereafter protest any negotiable instrument.

MAINE.—Two new banks in Auburn will open business about May 1. One will be the "National Shoe and Leather Bank of Auburn." Capital, $150,000. The other, a savings bank, will be the "Mechanics' Savings Bank" of Auburn, Maine.

MISSOURI.—At a meeting of the Board of Directors of the Bank of North America, St. Louis, on March 11, the following officers were elected: President, F. B. York; Vice-President, Alfred Bevis; Cashier, Albert Witzleben. Mr. F. B. York has been one of the banking firm of Parker, York & Co., of Coffeyville, Kansas, who retired from business on March 1st.

BANK ROBBERY FRUSTRATED.—An attempt was made on the night of Saturday, March 13, to rob the savings bank at Osceola, Mo., but the officers of the bank, having been warned, had a force inside of the bank. When the robbers entered the bank they were fired upon. One was wounded and captured, and the others fled.

NEW YORK.—The uncertainties of the law relating to legal holidays in this State, have at last been removed by the passage of the Legal Holiday Act, the text of which appears on another page. By this act all paper is payable, beyond question, on the business day next *preceding* such holidays. The efforts of Mr. David M. Stone, editor of the New York *Journal of Commerce*, have largely contributed to this long-needed action.

A bill passed the Assembly on March 17th, to prevent individuals and corporations from doing business under names indicating that they are incorporated banks or banking associations.

It provides that individuals shall not be prohibited from doing a banking business as individuals with the title of "bankers" or "banking office."

PROMISSORY NOTES.—A recent decision of the Superior Court of Cincinnati, upon the question of due diligence in making demand of a principal, is thus summarized:

Joseph P. Montfort *et al. vs.* Francis Baker and Mary De Camp. Before Judge Tilden.—The suit was on a promissory note. There was a demurrer to the original petition on the ground that it omitted to aver that the maker, Francis Baker, had removed from the State at the time the note became due, and the question arose as to the necessity of an averment of demand for payment having been made. The Court remarked that the rule is settled now, that where demand has not been made, and the holder of the note seeks to excuse himself for not making it, he must state the grounds specially in his declaration; and the question arising upon the demurrer is, whether the circumstances amount to an excuse for not presenting the note. This involves the law of diligence. The holder of commercial paper takes it on the understanding that demand will be made on the principal, and this principle requires of the holder not an impossibility, but the exercise of diligence. It appears by the averment that Baker had his place of business on the corner of Walnut and Sixth streets; that the notary presented the note there, but, on inquiry, ascertained that the maker had removed his place of residence to Louisville, Ky. The decision in 14 Ohio determined the question, that diligence does not require the holder of a note given by a party in one State to follow that party into a foreign jurisdiction, and there present it. The demurrer would be overruled.

PENNSYLVANIA.—The Fifth National Bank of Pittsburgh commenced business in March, succeeding to the business of the St. Clair Banking Company, under the management of the same officers, Robert Arthurs, President, and L. Halsey Williams, Cashier; Mr. George F. Huff, of Greensburg, is Vice-President. During the first session of the Forty-third Congress, a special act was passed allowing the Farmers' National Bank of Greensburg to remove to Pittsburgh as the Fifth National Bank of that city. The stockholders of the St. Clair Banking Company having purchased an interest in the stock of the Farmers' National, the two institutions are consolidated as above.

RHODE ISLAND.—Mr. Benjamin White, for forty years the cashier of the Phœnix Bank, of Providence, and of its successor, the Phœnix National Bank, died on March 15th, aged seventy-three years. He was the oldest bank cashier in Providence.

THE BANK OF TENNESSEE.—The Supreme Court of the State of Tennessee rendered a decision on March 6th in the case of the holders of notes of the new issue of the Bank of Tennessee, deciding that it is a legal issue and a preferred claim against the assets of the bank. It is considered that this decision virtually makes the State liable.

THE IMPERIAL BANK OF CANADA.—A meeting of the stockholders for the organization of this bank was held at Toronto on February 26th. Mr. H. S. Howland, who was called to the chair, stated that $600,000 of the capital stock had been subscribed, and twenty per cent. of this amount was already paid up. The authorized capital is $1,000,000, which sum will be nearly reached by a proposed amalgamation with the Niagara District Bank. An election of Directors of the new bank was held at the meeting, and officers afterwards chosen, as follows: President, H. S. Howland (late Vice-President of Canadian Bank of Commerce); Vice-President, Thomas R. Merritt (President Niagara District Bank); Cashier, D. R. Wilkie (late Manager Quebec Bank, Toronto). The Imperial Bank begins business immediately, its head office being at Toronto.

MOLSONS BANK.—At the meeting in February of the Directors of the Molsons Bank, Montreal, Mr. John Molson, heretofore Vice-President, was elected President (in the place of the late Wm. Molson, Esq.). Mr. Thomas Workman was elected Vice-President, and the Hon. D. L. McPherson to fill the vacancy in the Direction.

THE RIGHTS OF A DRAWER TO STOP A CHECK.—The following decision of the English Court of Exchequer Chamber, in the case of Glyns *v.* Mesa, is furnished by the London *Economist:*

"The decision is to the effect that a check is to be treated as any other bill of exchange, rendering the drawer liable to be sued upon it, if unpaid, by any *bona fide* holder, who is not affected by an 'equity' attaching to the party to whom or on whose account the check was given. The circumstances of the present case were that the plaintiffs, being the bankers of Messrs. Lizardi, who failed two years ago, pressed them for payment of their overdrafts or for additional security, and when doing so, on the eve of the failure, received from them an order on the defendants to pay the amount of two bills for £2,000, for which order the plaintiffs gave the defendants the check now in question, which the latter immediately placed to the credit of Lizardi's account. The defendants, hearing meanwhile that Lizardi had stopped payment, instructed their bankers not to pay the check, upon which the plaintiffs immediately sued. Two points were thus raised—one, whether the exchange of the order from Lizardi on the defendants for a check by the latter was a consideration between them and the plaintiffs; and the other, whether the plaintiffs had not in any case a good title to the check, even if they had received it direct from Messrs. Lizardi, on the ground that, being given for an antecedent debt, there was a valid consideration which prevented them from being affected by the equities attaching to Lizardi. The Court below had given most attention to the first point, holding that the giving up of the order on the defendants to pay the amount was a valid consideration for the check as between the plaintiffs and the defendants; but the Court of Error now went further, and decided, with reference to the second point exclusively, that 'a negotiable security given for such a purpose is a conditional payment of the debt,' and being taken by the creditor as 'money's worth,' is as truly his property as the money which it represents would have been if paid in Bank of England notes or coin. The defense had been that a check was different from a bill of exchange at however short a date, because in the latter case the creditor gave delay to his original debtor, and this was a consideration entitling the creditor to proceed against the drawer, while there was no such consideration in reference to a check payable immediately; but the Court, it will be seen, refused to recognize the distinction, and has placed a check on the same footing as other bills of exchange. It is to be regretted, perhaps, that the Court was not unanimous, Lord Justice Coleridge having dissented from his colleagues in an elaborate judgment, on the ground that a check is not a bill of exchange, but an instrument *sui generis;* but the common sense of the matter is so plain that we hope there is no chance of an appeal or an alteration of the law as now settled."

STAMPS ON VOUCHERS.

OFFICIAL INTERPRETATION OF THE ACT OF FEBRUARY 8, 1875.

Mr. F. D. Tappen, President of the Gallatin National Bank of this city, addressed, in behalf of himself and other bankers, a letter to the Commissioner of Internal Revenue, asking a decision on certain points connected with the bank stamp act. The following is the reply:

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE,
WASHINGTON, March 10, 1875.

F. D. Tappen, Esq., President Gallatin National Bank, New York:

SIR: In your letter of the 4th inst., you inquire as to the proper interpretation of the word "voucher" in section 15 of the "Act to amend existing customs and internal revenue laws, etc., approved February 8, 1875.

You also ask the following questions:

1st. "Are notes, drafts and acceptances, when made payable at a bank, subject to a stamp tax of two cents, and if so, does the tax apply to notes, drafts and acceptances drawn or accepted prior to February 8, 1875, and which have matured and been paid since?"

2d. "Does the tax apply to checks drawn by a bank upon itself for the purpose of paying its own dividends, and the dividends, coupons, or interest of other corporations?"

3d. "Are checks drawn by a State, county or city government on a bank, liable to this tax?"

Section 15 of said act of February 8, 1875, provides: That a bank check, draft, or voucher for the payment of any sum of money whatsoever, drawn upon any bank, banker or trust company, shall be subject to a stamp tax of two cents.

It is understood that this enactment was made mainly to meet evasions of the stamp tax on checks, by the substitution of receipts, orders "payable one day after date," etc. It imposes the tax upon checks or orders, etc., drawn on time, as well as those payable at sight, or on demand, so also on receipts and *all other vouchers substituted for checks, etc., as commonly used according to the custom of banks.*

Section 6, of the act of March 3, 1875, exempts from the tax "the receipts in the receipt-book of a savings bank, or institution for savings, having no capital stock, and doing no other business than receiving deposits, to be loaned or invested for the sole benefit of the parties making such deposits, without profit or compensation to the association or company, when money is paid to a depositor on his pass-book."

This provision leaves the tax upon all receipts (with the above exception) given to banks as vouchers for the payment of money on deposits, as imposed by section 15 of the said act of February 8, whether such receipts are loose or contained in a book.

I reply to your specific questions:

1st. That if there is any understanding between the bank and the maker of the notes, or acceptor of the checks, drafts, or orders, payable at bank, that all such notes and acceptances shall be paid by the bank and charged in the account of the maker, drawer or acceptor, in the same manner as ordinary checks would be, such notes and acceptances are considered liable to the two-cent stamp tax as "vouchers" for the payment of money by the bank. This applies to notes, drafts, etc., made, drawn or accepted prior to February 8, 1875, when paid by the bank on or after that date.

2d. This tax applies to "checks drawn by a bank upon itself for the purpose of paying its own dividends, and the dividends, coupons, or interest of other corporations," or for other payments.

3d. Checks drawn by State, county, or city officers in their official capacity, upon public funds deposited in a bank, are exempt, if said funds are kept separate from any private accounts, it not being within the intent of the law to tax a public treasury.

I will add with reference to some other questions frequently proposed to this office, that orders for dividends are subject to the tax if drawn for a definite and certain sum, but not otherwise.

An ordinary certificate of deposit, used in the ordinary manner, is not liable.

Interest coupons are considered exempt. Bills of exchange, foreign as well as inland, when drawn upon a bank, banker or trust company, are held to be subject to the tax, whether payable at sight or otherwise. Duplicates of bills, orders, etc., are liable the same as originals. Receipts not relating to *banking business*, for instance for rent, are exempt. Very respectfully,

J. W. DOUGLASS,
Commissioner.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized February 16 to March 23, 1875.

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2224	First National Bank, Nunda, N. Y.	John F. Barber...... James S. McMaster.	$50,000	$30,000
2225	First National Bank, Brewsters, N. Y.	John G. Borden..... Frank Wells.	50,000	30,000
2226	Citizen's National Bank, Warren, PENN.	Myron Waters....... H. R. Crowell.	50,000	35,000
2227	Lycoming National Bank, Williamsport, PENN.	George Bubb........ Charles Gleim.	100,000	99,800
2228	Farmers' National Bank, York, PENN.	Vincent K. Keesey...	200,000	200,000
2229	National Bank of Haverstraw, N. Y.	Ira M. Hedges...... George H. Smith.	100,000	100,000
2230	Valley National Bank, Red Oak, IOWA.	H. N. Moore....... R. M. Roberts.	50,000	50,000
2231	West Waterville Nat. B'k. West Waterville, ME.	Albion P. Benjamin.. George H. Bryant.	75,000	48,000
2232	First National Bank, Attleboro', MASS.	Willard Blackinton... Shep. W. Carpenter.	100,000	50,000
2233	Merchants' National Bank, Whitehall, N. Y.	L. J. N. Stark....... J. M. Guy.	150,000	150,000
2234	Citizens' National Bank, Muncie, IND.	George W. Spilker... John Marsh.	100,000	85,400
2235	Third National Bank, Allegheny, PENN.	Jonathan Gallagher.. Wm. A. Clemens.	200,000	100,000
2236	Diamond National Bank, Pittsburgh, PENN.	Abraham Garrison... John S. Scully.	200,000	200,000
2237	Marine National Bank, Pittsburgh, PENN.	W. H. Everson...... W. C. Macrum	200,000	100,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from March No., page 730.)

March, 1875.

Name of Bank.		Elected.	In place of
Bowery National Bank	N. Y. City.	C. Ring, *Cash*	R. Hamilton.
Dry Goods Bank	"	A. W. Sherman, *Cash*.	Charles E. Bogert.
Farmers' N. Gold B., San José,	Cal.	W. D. Tisdale, *Cash*	George P. Sparks.
First N. B., Georgetown	Col.	Wm. L. Hadley, *Cash*.	....
" Golden City	"	J. D. Witter, *Pres*	Geo. W. Robinson.
Citizens' N. B., Washington	D. C.	J. A. J. Cresswell, *Pres*.	Jacob Tome.
Nat. Exchange B., Augusta	Ga.	Joseph S. Bean, *Cash*.	John Craig.
People's B., Bloomington	Ill.	P. Whitmer, *Pres*	George W. Parke.
National Bank of Bloomington	"	D. M. Funk, *Pres*	Jas. H. Robinson.
Dixon N. B., Dixon	"	C. Johnson, *Pres*	F. A. Truman.
" "	"	F. A. Truman, *Cash*	J. W. Chace.
Farmers' N. B., Keithsburg	"	F. P. Burgett, *Cash*	S. C. Orth.
First N. B., Oregon	"	W. W. Bennett, *Pres*	Daniel Etuyre.
" Peoria	"	Hervey Lightner, *Pres*.	Washingt'n Cockle.
N. B. of Vandalia	"	R. T. Higgins, *Pres*	C. A. Sonnemann.
Citizens' N. B., Jeffersonville	Ind.	D. Ricketts, *Pres*	James L. Bradley.
First N. B., Madison	"	A. B. Smith, *Pres*	E. G. Whitney.
" Thorntown	"	John Niven, *Pres*	Joshua Moffett.
" Union City	"	Y. S. Fisher, *Pres*	J. S. Johnson.
" La Grange	"	H. M. Herbert, *Cash*	R. S. Hubbard.
Monticello N. B., Monticello	Iowa.	M. L. Carpenter, *Pres*.	S. C. Langworthy.
" " "	"	C. Langworthy, *Cash*	John O. Duer.
First N. B., Bloomfield	"	W. McK. Findley, *Pres*.	W. D. Evans.
" Fort Dodge	"	L. Blauden, *Pres*	E. G. Morgan.
" Indianola	"	A. R. Henry, *Pres*	A. S. Moncrief.
" "	"	G. A. Worth, *Cash*	Edward R. McKee.
Osage N. B., Osage	"	J. B. Brush, *Pres*	J. H. Brush.
" "	"	Avery Brush, *Cash*	J. P. Brush.
First N. B., Osceola	"	John E. Chancy, *Pres*.	H. C. Sigler.
" Webster City	"	B. S. Mason, *Cash*	....
First N. B., El Dorado	Kansas.	W. P. Gossard, *Pres*	Neil Wilkie.
" "	"	S. C. Shotwell, *Cash*	A. H. Gossard.
" Wichita	"	J. W. Eldridge, *Cash*.	....
National Bank of Monticello	Ky.	M. S. Wilhite, *Cash*	H. H. Gibson.
Madison N. B., Richmond	"	T. S. Brewster, *Pres*	J. S. Brouston.
Biddeford N. B., Biddeford	Me.	C. E. Goodwin, *Cash*	R. M. Chapman.
Pejepscot N. B., Brunswick	"	H. C. Martin, *Pres*	Wm. S. Skolfield.
Sandy River N. B., Farmington.	"	J. W. Fairbanks, *Pres*.	F. G. Butler.
Norway N. B., Norway	"	H. D. Smith, *Cash*	A. E. Denison.
Casco N. B., Portland	"	J. P. Farrington, *Pres*	Samuel E. Spring.
New England Trust Co., Boston,	Mass.	Otis Norcross, *Pres*	A. A. Lawrence.
Crocker N. B., Turner's Falls.	"	Wend. T. Davis, *Pres*.	Alvah Crocker.
Attleborough N. B., Attleboro'-	"	D. Evans, *Pres*	E. I. Richards.
Blackstone N. B., Boston	"	James Adams, *Cash*	S. D. Loring.
Fall River N. B., Fall River	"	G. H. Hathaway, *Pres*.	Richard Borden.
First National Bank, Flint	Mich.	F. F. Hyatt, *Pres*	E. H. McQuigg.
Second N. B., Ionia	"	Geo. W. Webber, *Pres*.	W. C. Page.
First N. B., Muir	"	S. W. Webber, *Pres*	W. H. Freeman.
" Saginaw	"	A. W. Wright, *Pres*	Joseph E. Shaw.
Merchants' N. B., Minneapolis,	Minn.	J. M. Williams, *Cash*	W. J. Van Dyke.

Name of Bank.		*Elected.*	*In place of*
First National Bank, Clinton	Mo.	Wm. M. Doyle, *Cash*	W. D. Tyler.
B. of North America, St. Louis	"	F. B. York, *Pres*	Charles E. Candee.
" " "	"	Alb. Witzleben, *Cash*	D. J. Hynes.
First National Bank, Ashland,	Neb.	J. L. Symington, *Pres.*	Jason G. Miller.
Otoe Co. N. B., Nebraska City	"	W. E. Hill, *Pres*	Orsimus H. Irish.
State Central B., Grand Island	"	Hy. A. Koenig, *Pres*	Fred. A. Wiebe.
Dover National Bank, Dover,	N. H.	D. Wyatt, *Pres*	S. M. Wheeler.
First N. B., Newport	"	D. Richards, *Pres*	T. W. Gilmore.
Citizens' N. B., Tilton	"	Eleazer Davis, *Pres*	Asa P. Cate.
Clinton National Bank, Clinton,	N. J.	Jos. Van Syckel, *Pres.*	Robert Foster.
Merch. N. B., Newark	"	Jas. L. Durand, *Pres*	James L. Hays.
" "	"	Edw'd Kanouse, *Cash.*	G. F. Parker.
First N. B., Red Bank	"	Horatio Ely, Jr., *Cash.*	Alvin Chadwick.
" Somerville	"	N. Young, *Pres*	Aaron D. Hope.
National Bank of Castleton	N. Y.	Jas. B. Downer, *Cash.*	E. H. Griffith.
" " Coxsackie	"	Alexander Reed, *Pres.*	J. C. Van Dyck.
Dover Plains N. B., Dover Plains,	"	G. W. W. Ketcham, *Pres.*	D. L. Belding.
Nat. Hamilton B., Hamilton	"	Alvah Pierce, *Pres*	Adon Smith.
Tompkins Co. N. B., Ithaca	"	L. L. Treman, *Pres*	C. L. Grant.
First N. B., Lowville	"	C. D. Boshart, *Pres*	A. Davenport.
N. B. of Newport	"	G. H. Thomas, *Pres*	....
Huguenot N. B., New Paltz	"	Jacob Lefever, *Pres*	Roelif Eltinge.
" " "	"	M. DuBois, *Cash*	Edmund Eltinge.
Second N. B., Oswego	"	L. H. Conklin, *Cash*	....
Union N. B., Troy	"	Adam R. Smith, *Cash.*	Pliny M. Corbin.
First N. B., Union Springs	"	M. F. Backus, *Cash*	Geo. W. Winegar.
" Westfield	"	L. A. Skinner, *Pres*	F. B. Brewer.
First Nat. Bank, Garrettsville,	Ohio.	W. C. Thrasher, *Pres.*	R. M. Hank.
" Jackson	"	D. Armstrong, *Cash*	V. H. Benton.
Farmers' N. B., Mansfield	"	James S. Hedges, *Pres.*	James Purdy.
First N. B., Massillon	"	Salmon Hunt, *Pres*	Isaac Steese.
" "	"	Charles Steese, *Cash*	Salmon Hunt.
Knox Co. N. B., Mt. Vernon	"	John M. Ewalt, *Cash*	L. B. Curtis.
First N. B., Oberlin	"	P. Daniels, *Cash*	C. H. Jenkins.
Third N. B., Sandusky	"	Henry Graefe, *Cash*	G. J. Anderson.
Lagonda N. B., Springfield	"	C. Thompson, *Pres*	J. W. Keifer.
First N. B., Northumberland,	Penn.	J. W. Cake, *Pres*	Amos E. Kapp.
" Blairsville	"	Paul Graff, *Pres*	Columbus Bell.
Farm. N. B., Bucks Co., Bristol	"	C. N. Taylor, *Pres*	Anthony Burton.
Delaware Co. N. B., Chester	"	Rob't H. Crozer, *Pres.*	Edmund Pennell.
First N. B., Conneautville	"	John Wormald, *Pres*	W. L. Robinson.
" Hanover	"	Z. P. Smith, *Pres*	Jacob Forney.
" Indiana	"	John Sutton, *Pres*	A. M. Stewart.
Coventry N. B., Anthony	R. I.	John Potter 2d, *Pres*	Asahel Matteson.
" "	"	Asahel Matteson, *Cash.*	Thos. A. Whitman.
Cumberland N. B., Cumberland,	"	O. D. Ballou, *Pres*	Davis Cook.
First Nat. Bank, Fayetteville,	Tenn.	J. G. Woods, *Pres*	George W. Jones.
" " Jackson	"	W. A. Caldwell, *Cash.*	N. Rhodes.
First National Bank, Austin,	Texas.	R. J. Brackenridge, *Cash*	....
" " Denison.	"	John Sneller, *Pres*	A. D. Jaynes.
City Bank of Dallas	"	T. K. Ferguson, *Act. C.*	J. W. Walden.
Vermont N. B., Brattleboro'	Vt.	Lafayette Clark, *Pres*	Wells Goodhue.
Farmers' N. B., Salem	Va.	Green B. Board, *Pres*	J. J. Moorman.
First N. B., Charleston	W. Va.	W. E. Truslow, *Pres*	Isaac M. Smith.
Merchants' Bank, Charleston,	"	N. B. Cabell, *Cash*	J. M. Doddridge.
First Nat. Bank, Boscobel	Wis.	John H. Sarles, *Pres*	B. M. Coates.
" " Fond-du-Lac	"	A. G. Ruggles, *Pres*	Edward Pier.
" " Grand Rapids	"	Thomas B. Scott, *Pres.*	George A. Neeves.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List; continued from March No., page 729.)

☞ Additions for this list are solicited from the subscribers to this work.

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Union Springs, ALA..	W. M. Stakely & Co.......	R. T. Wilson & Co.
Barnesville, GA......	Barnesville Savings Bank...	National Park Bank.
Morrisonville, ILL...	Walker, Vandeveer & Co...	Leather Manufacturers' Bank.
Oneida, " ...	Traders' Bk. (A. B. Anderson)	Continental National Bank.
Cairo, " ...	Alexander County Bank	George Opdyke & Co.
Indianapolis, IND..	Central Bank...............	Hanover National Bank.
Lawrenceburgh, " ..	People's Bank.............	....
New Paris, " ..	Exchange Bank	Merchants' Exchange N. B.
Muncie, " ..	Citizens' National Bank	Third National Bank.
Morning Sun, IOWA.	Farmers & Merch. Sav. Bk..	Kountze Brothers.
Eddyville, " .	S. T. Caldwell	George Opdyke & Co.
Steamboat Rock, " .	Cartwright, Lathrop & Co ..	George Opdyke & Co.
Albia. " .	Monroe County Bank	George Opdyke & Co.
Red Oak, " .	Valley National Bank......	Kountze Brothers.
West Waterville, ME.	West Waterville Nat. Bank.	....
Attleboro', MASS.....	First National Bank.......	....
La Belle, MO ...	La Belle National Bank....	Donnell, Lawson & Co.
Phelps City, "	Thompson, Wyatt & Co.....	Donnell, Lawson & Co.
Brewsters, N. Y.....	First National Bank.......	....
Haverstraw, "	Nat. Bank of Haverstraw...	Irving National Bank.
Nunda, "	First National Bank.......	National Park Bank.
Whitehall, "	Merchants' National Bank..	....
Pittsburgh, PA. ...	Fifth National Bank........	American Exch. Nat. Bank.
Warren, "	Citizens' National Bank	....
Williamsport, "	Lycoming National Bank...	....
York, "	Farmers' National Bank....	....
Corinne, UTAH......	J. W. Guthrie & Co........	George Opdyke & Co.

THE PREMIUM ON GOLD AT NEW YORK,

FEBRUARY—MARCH, 1875.

1874.	*Lowest.*	*Highest.*	1875.	*Lowest.*	*Highest.*	1875.	*Lowest.*	*Highest.*
March ...	11¼	13⅝	Feb. 22 ..	Holiday.		Mar. 8 ..	14¾	15
April	11¾	14⅜	23 ..	14½	14¾	9 ..	15	15⅛
May.....	11⅞	13⅛	24 ..	14⅜	14⅝	10 ..	15	15⅛
June.....	10½	12¼	25 ..	14¼	14⅜	11 ..	15¼	15¾
July	9	10⅞	26 ..	14¼	14½	12 ..	15⅛	15⅝
August...	9¼	10¼	27 ..	14½	14⅝	13 ..	14⅞	15⅝
September	9¾	10¼						
October ..	9¾	10⅜	Mar. 1 ..	14¾	14⅞	15 ..	15⅜	16
Nov.	10	12⅜	2 ..	14½	14⅞	16 ..	15¾	16⅛
Dec.	11⅛	12⅜	3 ..	14⅝	15	17 ..	15⅞	16⅞
1875.			4 ..	14¾	15¼	18 ..	16⅜	16¼
January ..	11¾	13⅜	5 ..	15	15⅛	19 ..	15⅞	16⅝
February .	13¼	15⅜	6 ..	14⅞	15⅛	20 ..	15⅝	16

DISSOLVED, DISCONTINUED, OR CHANGED.

(Monthly List, continued from March No., page 731.)

COLORADO.—People's National Bank, *Pueblo* (in liquidation).

GEORGIA.—Mutual Loan Association, *Macon* (merged in Capital Bank); Allgood & Hargrove, *Rome* (succeeded by R. T. Hargrove); Powell & Murphys, *Barnesville* (dissolved).

ILLINOIS.—Barclay, Voorhies & Co., *Chicago* (suspended); Sawyer, McCracken & Co., *Nashville* (suspended).

INDIANA.—La Grange County Bank, *La Grange* (merged in First National Bank).

IOWA.—Carpenter & Lovell, *Monticello* (merged in Monticello National Bank); Monroe Savings Bank, *Monroe* (merged in First National Bank).

KANSAS.—First National Bank, *Baxter Springs* (in liquidation); First National Bank, *Olathe* (in liquidation); Lappin & Scrafford, *Seneca* (succeeded by State Bank of Kansas); Parker, York & Co., *Coffeyville* (discontinued).

KENTUCKY.—Branch Farmers' Bank of Kentucky, *Mount Sterling* (merged in Farmers' National Bank).

MARYLAND.—Hooper, Reese & Co., *Baltimore* (suspended).

MICHIGAN.—Thurber & Hallon, *East Saginaw* (suspended).

MISSOURI.—People's Savings Institution, *St. Louis* (discontinued); Western Savings Bank, *St. Louis* (in liquidation).

NEBRASKA.—Bowker, Kennard & Co., *Lincoln* (suspended).

NEVADA.—Wells, Fargo & Co., *Pioche* (closed business there).

NEW YORK.—Second National Bank, *Jamestown* (now City National Bank); S. S. Marsh, *Little Valley* (failed); Kidd & Chapin, *Rochester* (merged in Bank of Rochester); Bank of Nunda, *Nunda* (succeeded by First National Bank).

OHIO.—First National Bank, *Beverly* (in liquidation).

PENNSYLVANIA.—Ackley & Smith, *Philadelphia* (now Shreve Ackley & Co.); Farmers' National Bank, *Greensburg*, and St. Clair Banking Company, *Pittsburgh* (consolidated as Fifth National Bank of Pittsburgh).

WISCONSIN.—National Bank of Commerce, *Green Bay* (in liquidation); J. A. Farnham, *Wausau* (merged in Marathon County Bank).

THE IMPERIAL GERMAN BANK.—By an authoritative act of the German Government a great and powerful financial institution will come into existence on January 1, 1876, viz.: the Imperial German Bank. The capital of the bank is to be $30,000,000, distributed in 40,000 shares of $750 each, on the principle of limited liability. The Government will be the largest shareholder, and great powers are reserved to it. The bank will have authority to issue $62,500,000 in notes of $25 and upward on credit only, and it may establish branches in the provinces. Four and a-half per cent. out of the profits may be paid to the shareholders. Of the remainder, twenty per cent. is to go to a reserve fund. The balance is to be divided equally between the shareholders and the Government; and if the profits should ever exceed eight per cent. one-fourth of the excess may be given to the shareholders, the other three-fourths being seized for the imperial exchequer.

It was originally designed to establish a number of banks throughout the empire, somewhat upon the American system of a multiplicity of institutions without any great central bank. But the recent drain of gold from Germany has had the effect of alarming the public mind, and has resulted in a considerable modification of the first plan, as explained on page 745 of this issue.

NOTES ON THE MONEY MARKET.

New York, March 24, 1875.

Exchange on London, at sixty days' sight, 4·82 a 4·82½ in gold.

The chief features of the monetary situation are connected with the stiffening of foreign exchange, and the reported negotiation of some considerable recent loans abroad. The disturbance of the gold premium, during the last few weeks, has given an unusual prominence to discussions relative to the foreign money markets, and some of our best authorities express the opinion that, if no unforeseen impediment intervenes, larger amounts of European capital are likely to be invested here during the coming season than for several years past.

The money market has been more quiet and the rates steadier than was anticipated. The failures in London and here do not seem to have produced any noteworthy impression. The banks, from causes discussed below, have lost part of their reserves both of coin and of specie. Moreover, under the section of the new law for the resumption of specie payments directing the retirement of outstanding legal tenders amounting to 80 per cent. of the National Bank notes issued, until the whole volume of legal tenders is reduced to $300,000,000, Secretary Bristow will have withdrawn 1 April $1,846,100 of legal tenders, or 80 per cent. of the amount of National Bank notes already issued under the provisions of this law. These legal tenders will be taken from the cash in the Treasury, and will be canceled and burned by the proper officer of the Department. The New York Bank statements compare as follows:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Exchanges.*
March 1....	293,017,000 ..	15,921,800 ..	51,900,600 ..	22,482,500 ..	233,607,500 ..	345,367,006
" 8....	292,505,800 ..	13,305,100 ..	50,159,900 ..	22,410,000 ..	230,110,900 ..	487,189,372
" 15....	288,446,000 ..	7,075,900 ..	51,342,900 ..	22,229,000 ..	223,501,200 ..	507,842,347
" 22....	283,358,100 ..	7,268,000 ..	52,131,800 ..	22,231,900 ..	218,419,300 ..	425,078,449

The Philadelphia Bank statements show the following results:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Feb. 22.........	58,818,294 ...	213,969 ...	17,347,827 ...	47,270,290 ...	11,337,274
March 1........	58,420,366 ...	233,362 ...	16,317,378 ...	46,884,855 ...	11,399,873
" 8........	58,545,972 ...	227,676 ...	16,229,989 ...	46,404,427 ...	11,343,164
" 15........	57,695,896 ...	153,656 ...	16,431,235 ...	46,656,077 ...	11,345,412
" 22........	58,861,261 ...	136,207 ...	16,088,328 ...	46,380,858 ...	11,432,948

The Boston Bank statements compare rather more favorably than those of New York:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Feb. 22.........	131,887,600 ...	1,375,600 ...	9,160,000 ...	79,321,900 ...	24,143,500
March 1........	131,819,000 ...	1,210,900 ...	9,434,400 ...	79,139,900 ...	24,000,200
" 8.........	132,471,100 ...	1,170,100 ...	9,831,300 ...	78,268,200 ...	24,133,300
" 15.........	133,617,200 ...	904,500 ...	8,860,000 ...	76,792,400 ...	24,310,500
" 22.........	133,965,900 ...	693,400 ...	8,891,400 ...	74,822,900 ...	24,448,100

The total amount of legal-tender notes deposited under the five per cent. redemption clause of the law of June 20, 1874, is $13,323,274, of which amount the National Banks in New York have deposited $4,140,000; New Jersey, $297,000; Rhode Island, $154,000; Virginia, $85,000; South Carolina, $407,000; Georgia, $180,000; Louisiana, $383,000; Kentucky, $222,000; Missouri, $2,516,000; Ohio, $140,000; Indiana, $635,000; Illinois, $2,231,000; Michigan, $316,000; Wisconsin, $278,000; Minnesota, $540,000; Kansas, $94,000; Nebraska, $40,000; Utah, $270,000. Under

the law permitting National Banks to retire their own circulation, the amount of legal-tender notes deposited since March 1, is $974,000; and the amount deposited since the passage of the act of January 14, 1875, is $4,020,945. The amount of additional circulation issued since the 1st of March is $856,645.

The excitement in gold has not yet subsided. The advance of the month has been about two per cent. The loss of specie from the banks, as shown in the foregoing tables, is ascribed to the efforts of the cliques in locking up gold, with a view to their manipulations to put up the premium. The cliques are said to have deposited eleven millions of gold, partly with the Trust Companies and partly in the banks of New York and of the interior. How accurate this rumor may be we have no special means of estimating. So far as the National banks are concerned, the cliques have been prevented from getting much help. For many of the banks would positively refuse to allow themselves to be used by the clique, while there has been a wholesome fear of the Comptroller and his Examiners to deter others from lending on gold. There is no law to forbid such loans; but the public exposure of such transactions, by a report from the Comptroller, would be injurious to the credit and standing of any bank known to be helping the speculators in gold. It has been pointed out that one reason why the law of 1869, which forbids banks from loaning on greenbacks and National bank notes, does not also forbid loans on gold, is that merchants and bankers often require such loans in New York for legitimate purposes, and without any desire or intention to help the gold operators. This necessity is well known and acknowledged, but still the banks are more careful than they have heretofore been to guard against speculative loans on gold.

Another device of the gold clique is to exaggerate the scarcity of gold for delivery. Mr. Bristow has stopped his sales of coin from the Treasury. His total balance, after meeting all current liabilities for called bonds, gold certificates, &c., is now about $56,000,000. Against this Mr. Bristow has to provide for the March and May interest, $19,000,000; July interest, $25,000,000; bonds called for the Sinking Fund, $30,000,000. Total, $74,000,000 up to the 1st of July. The customs receipts for April, May and June will probably amount to 25 millions at least. Hence it appears that during the next three months there will be a surplus of about seven millions of gold, which the Secretary can sell or hoard, as he may deem most conducive to the public advantage. This surplus seems likely to disturb some of the calculations of the gold speculators, as does also the arrival of considerable amounts of the precious metals in this market, under the attraction of the current high rates.

As to the prospects of gold, it is argued that the premium has been artificially depressed by causes which have now ceased to operate. Moreover, the greenback currency has been increased from 356 millions to 382 millions, and although it is now diminishing, still the diminution is compensated to the extent of 80 per cent. by new issues of bank notes. On the whole, the forces by which Congress has lately disturbed the currency are difficult to estimate, either in their magnitude or direction, and there is much conflict of opinion as to how they will ultimately affect the gold premium.

The situation admirably suits the gold gamblers and stock speculators, but it is very perplexing to men engaged in legitimate business.

At the Stock Exchange there has been considerable activity. Governments have been active, but the demand is chiefly for the home market. Prices have been firm in sympathy with gold. State stocks are very quiet. Railroad bonds have shown more activity, a lively speculation having apparently been organized in some of the low-priced bonds. In the railroad share market there has been a fair amount of business, but the general public have not been much inclined to enter the arena of the market as purchasers, so the athletes of the Stock Exchange have had it all their

own way. The chief excitement has been in Pacific Mail, Western Union, Union Pacific, and Lake Shore. The following are our usual quotations:

QUOTATIONS:	*Feb.* 24.	*March* 3.	*March* 10.	*March* 17.	*March* 24.
Gold	114⅜	115	115¼	116½	115¾
U. S. 5-20s, 1867 Coup.	119½	119⅜	119⅜	119⅞	119¾
U. S. new Fives Coup.	114¾	114¾	114⅝	115⅜	115¼
West. Union Tel. Co.	73	74⅞	75⅞	77½	76⅝
N. Y. C. & Hudson R.	101¼	101⅝	102⅜	100¼	100¾
Lake Shore	73⅝	73½	73⅞	73⅝	73⅝
Chicago & Rock Island	103¾	103⅞	104¾	105¾	105⅝
New Jersey Central	108½	109	110½	110½	110½
Erie	27⅞	26⅞	27¼	26¾	27
Bills on London	4.82½ *a* 4.83	4.81½ *a* 4.82	4.80 *a* 4.80½	4.78 *a* 4.79	4.82 *a* 4.82½
Treasury balances, cur.	$49,483,350	$48,849,956	$47,693,356	$46,503,268	$45,449,669
Do. do. gold	48,198,804	48,220,860	46,542,363	50,193,927	52,556,941

The U. S. long 3.65 bonds are attracting attention, and we have received from the National Currency Bank of this city a copy of the opinion of the Attorney-General of the United States relative to these bonds. They are issued by the District of Columbia. The question is whether by the act of 20th February, 1875, the principal and interest of these bonds is "guaranteed" by the United States. Mr. Attorney-General Williams says: "I doubt whether the use of the words 'principal and interest guaranteed by the United States,' in the manner above suggested would be justified by the terms of the law. The word *guaranty* has a technical signification when employed in connection with contracts and obligations importing an engagement to be responsible for the payment of some debt, or the performance of some duty, in case of the failure of a third party, who, in the first instance, is liable to such payment or performance. It is clear that, in this sense, the word would not aptly describe the undertaking of the United States, which is in the following language: 'The faith of the United States is hereby pledged that the United States will, by proper proportional appropriations as contemplated in this act, and by causing to be levied upon the property within said District such taxes as will do so, provide the revenues necessary to pay the interest on said bonds as the same may become due and payable, and create a Sinking fund for the payment of the principal thereof at maturity.' Here the Government of the United States itself undertakes to provide the revenue necessary to meet the interest as the same becomes due, and to create a Sinking fund for the payment of the principal at the maturity of the bonds without regard to the failure of any third party. Practically, however, the pledge given by the United States, considered in the light of a security, may be equivalent to an unqualified guaranty; since the particular means and sources of revenue by and from which the Government promised to provide for the payment of the interest and principal are unquestionably adequate for that purpose."

The prospects of our securities abroad still seem to be injured by the heavy list of defaulting American railroad bonds which have paid no interest. That list is likely to receive several additions at the beginning of April. Among the first of these defaulting bonds it will be remembered were the Rockford, Rock Island & St. Louis bonds. These securities were quoted from 12 to 12¼ in Amsterdam during the first week of this year. At this price the whole amount, conveying a title without further obligations of note to the whole road of about 280 miles, could be bought for $1,125,000 gold, or a trifle more than $4,000 per mile. The proprietors of these bonds paid some $7,000,000 gold for their bonds five years ago; they have received an average of 2 per cent. on their money since, and now have a property worth less than a million and a-quarter.

The evasions of the stamp tax, to which we referred lately, seem to have been practiced more extensively than was supposed, and considerable agitation has prevailed from the announcement that the parties were to be prosecuted. The only suit of which we have observed any published statement was brought March 18th in the

United States Court, Southern District of Ohio. The defendant is the Utica Bank of Utica, Licking County, Ohio. There are enumerated in the petition filed by the District Attorney six separate alleged violations of the law, between November 10, 1874, and February 6, 1875, in that the defendant accepted and paid (contrary to the provisions of an act of Congress, passed June 30, 1864, and acts amendatory thereto) checks which had not been duly stamped, and the stamps canceled. The penalty provided for each offense is a fine of \$50. The plaintiff prays for judgment for the several sums, amounting in the aggregate to \$300 and costs of suit. The Clerk was ordered to issue summons for the defendant, the action being to recover money only. The question has arisen whether the Commissioner of the Internal Revenue has any power to send his inspectors to examine banks in order to discover evidence of the evasions of the stamp tax. This point has never been adjudicated upon, but as the 22d section of the National currency law expressly exempts National Banks from all inquisitorial visitation except that of the official bank examiners, it has been held by the Treasury Department that the powers claimed for the Internal Revenue Inspectors are not according to law.

The increase in the operating expenses of the English railways, in consequence of the advance in coal and in workmen's wages, has resulted since 1872 in a notable decrease in the dividends. On this subject the London *Economist* of March 6th gives the following statistics of the thirteen principal British railways during the last four years:

Half-Year.	*Gross Traffic.* £	—*Working Expenses.*— *Amount.* £	*Per cent. of Traffic.*	*Preference and Debenture Charges, Less Rents, &c.* £	—*Ordinary Dividend.*— *Amount.* £	*Per cent. on Capital Pr. ann.* £ s. d.
1st half, 1870	13,381,000	6,422,000	48·1	—	2,861,000	4 15 0
2nd "	14,721,000	7,087,000	47·6	3,940,000	3,659,000	6 0 4
1st half, 1871	14,293,000	6,802,000	47·6	—	3,288,000	5 8 2
* 2nd "	16,672,000	8,002,000	48·0	4,238,000	4,656,000	7 3 0
1st half, 1872	15,959,000	7,967,000	49·6	4,405,000	3,774,000	5 10 0
2nd "	17,928,000	9,121,000	50·8	4,268,000	4,748,000	7 2 0
1st half, 1873	17,415,000	9,397,000	53·9	4,457,000	3,793,000	5 10 6
2nd "	19,727,000	10,702,000	54·3	4,476,000	4,543,000	6 11 0
1st half, 1874	18,093,000	10,256,000	56·5	4,685,000	3,339,000	5 0 6
2nd "	20,348,000	11,127,000	54·2	4,833,000	4,351,000	6 1 8

The Canadian currency question is up in the Dominion Parliament. The bill of Hon. Mr. Cartwright, the Finance Minister, to further amend the acts regulating the issue of Dominion notes, provides that whenever the amount of Dominion notes outstanding shall at any time exceed \$12,000,000 the Receiver-General shall hold specie to the full amount of such excess for the redemption of such notes, and whenever the amount of said notes shall fall below \$12,000,000, and exceed \$9,000,000, the Receiver-General shall hold in specie not less than fifty per cent. of the amount of such notes above \$9,000,000 for the redemption of such notes.

The emigration movement begins favorably this year. From advices just received at the Bureau of Statistics it appears that the total number of emigrants who arrived at the port of New York during the month of February, 1875, was 4,876, of whom 3,479 were males and 1,397 females. During the same month in 1874, the total number arrived at the port was 4,222, of whom 3,008 were males and 1,214 females.

The Foreign Imports at New York for February are subjoined:

	1873.	1874.	1875.
Entered for consumption	\$ 20,711,242	\$ 16,205,796	\$ 19,475,483
Entered for warehousing	10,263,357	9,438,177	8,135,428
Free goods	7,751,965	8,972,881	8,042,547
Specie and bullion	133,953	822,784	1,269,902
Total entered at port	\$ 38,860,517	\$ 35,439,638	\$ 36,923,360
Withdrawn from warehouse	11,061,672	9,422,534	8,435,817

The Foreign Imports at New York for eight months of the fiscal year compare as follows:

	1873.	1874.	1875.
Six months ending January 1	$ 199,326,050	$ 177,517,854	$ 175,110,736
January	37,803,691	30,310,679	24,831,250
February	38,860,517	35,439,638	36,923,360
Total eight months	$ 275,990,258	$ 243,268,171	$ 236,865,346

The Gold Receipts for Duties at New York for eight months ending with February are subjoined:

	1873.	1874.	1875.
Six months ending January 1	$ 64,393,092 93	$ 53,535,419 05	$ 54,213,434 16
In January	10,763,626 44	10,042,084 05	8,072,846 12
In February	12,893,637 89	10,186,365 08	11,811,046 95
Total eight months	$ 88,050,357 26	$ 73,763,868 18	$ 74,097,327 23

The Exports from New York to Foreign Ports in the month of February compare as follows:

	1873.	1874.	1875.
Domestic produce	$ 20,474,949	$ 20,078,112	$ 17,839,488
Foreign merchandise, free	155,079	183,447	145,871
do. dutiable	508,974	464,052	126,626
Specie and bullion	3,670,444	2,980,862	4,040,524
Total exports	$ 24,809,446	$ 23,706,473	$ 22,152,509
do. exclusive of specie	21,139,002	20,725,611	18,111,985

Exclusive of specie, the total Exports from New York to Foreign Ports for eight months ending with February are reported as follows:

	1873.	1874.	1875.
Six months ending January 1	$ 130,400,814	$ 160,757,524	$ 140,508,524
January	20,050,550	23,455,638	19,291,403
February	21,139,002	20,725,611	18,111,985
Total produce	$ 171,590,366	$ 204,938,773	$ 177,911,912
Add specie	45,642,576	26,481,747	45,763,411
Total exports	$ 217,232,942	$ 231,420,520	$ 223,675,323

These aggregates belong only to the foreign commerce of this port. We receive here about two-thirds of all the imports of the country, and export from hence about 47 or 48 per cent. of all the exports, exclusive of specie.

DEATHS.

At ALLENTOWN, PA., on Monday, February 1st, aged fifty-one years, FRANCIS E. SAMUELS, Cashier of the SECOND NATIONAL BANK of Allentown.

At ST. JOHNSBURY, VT., on Tuesday, February 16th, aged fifty-six years, JOEL FLETCHER, President of the LAKE CITY BANK of Lake City, Minnesota.

At PHILADELPHIA, on Saturday, March 13th, aged fifty-four years, NATHANIEL B. BROWNE, President of the FIDELITY INSURANCE, TRUST AND SAFE DEPOSIT Co. of Philadelphia.

At PROVIDENCE, R. I., on Monday, March 15th, aged seventy-three years, BENJAMIN WHITE, Cashier of the PHENIX NATIONAL BANK of Providence.

At CHICAGO, on Tuesday, March 16th, aged sixty years, JOHN B. DICKINSON (of the firm of Dickinson & Co., Bankers, New York), formerly President of the TENTH NATIONAL BANK of New York.

THE

BANKER'S MAGAZINE,

AND

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THE BANKS AND THE PREVENTION OF PANICS.

"Never," it has been said, "have financial crises been found to derive their origin from any other source but the banks." This is a grave charge, and we do not think it altogether just. But there is enough of truth in it to explain, if not to justify, the jealousy with which the banks are always regarded in times of panic and afterwards. Thus nearly every great monetary crisis in England has been followed by a Parliamentary discussion on banking reform. To the more important of them we owe the English Commissions of Inquiry, whose reports have been so suggestive and valuable. Similarly in this State the panic of 1837 was followed by an agitation which resulted in the establishment of the general banking law of 1838; the panic of 1847, also, was followed by new banking legislation, by the closer union of the banks, the establishment of the Clearing-House, the publication of the weekly bank statement, besides other improvements too numerous to mention.

Passing to the panics of 1857 and 1861, they helped to create for us the National Banking System. And as for the panic of 1873, it will be found to have its appropriate compensation in the future, if the banks will only carry out the wise advice which was given them by the Committee of the Clearing-House who were appointed to investigate the causes of the Jay Cooke crisis, and to report upon it. Their report gave an elaborate discussion of the question: How can banks prevent panics? We scarcely know a more appropriate subject for discussion at the approaching Convention of bank officers. We propose briefly to suggest to that body some of the conclusions arrived at by the Committee of 1873.

First of all, the Committee declare that the banks should cease to pay interest on deposits. They argue that "No institution can, in the long run, *purchase* deposits of money payable on demand

of the owners, and at the same time secure to itself a just and proper compensation for the business, without violating some of the conditions indispensable to the public safety. It must either risk them in ways that are illegitimate and perilous, or use them in excess. This has been abundantly proved by innumerable instances in years past, and the practice of paying interest for such deposits was unanimously condemned by the bank officers in 1857, as one of the principal causes of the panic at that period." Secondly, they say: "The evil results of paying interest upon current deposits, avowed when the internal commerce of the nation was conducted upon a specie basis, are greatly aggravated when it is carried on by an *irredeemable* currency, which has a fixed and invariable volume, and which flows to and from the commercial center with the changes of the season. Such a currency is superabundant in summer, and instead of being then naturally absorbed and diminished by redemption, it accumulates in banks, which cannot keep it idle without loss of the interest paid to its owners. Legitimate commerce does not then demand it. It is still subject to instant call. There is consequently no resource but to loan it in Wall street." The mischiefs thus resulting are well known, and need not be particularly described. Thirdly, the Committee show how sensitive must of necessity be the financial condition of the banks whose deposits have been thus attracted by the stimulus of high rates of interest. Such deposits are liable to be concentrated in a few institutions, and those by no means the strongest.

To support these arguments the Committee appeal to figures. They show that the deposits of the *sixty* New York banks for ten weeks, from 5th July to 6th September, were $232,280,000; the lowest amount reached since the panic was $143,170,000, showing a total reduction of $89,058,000; of the above amount during the ten weeks, *twelve* interest-paying banks held $111,855,000; the lowest total reached by them since the panic, $52,669,000, showing a loss in twelve banks of $58,916,000, and in the other forty-eight banks of $30,142,000.

Thus when the panic of 1873 commenced, the whole of the New York Clearing-House banks held about two hundred millions of deposits. Of this amount twelve institutions held one-half, and the other forty-eight the other half. The reserve of legal-tender notes was greatly in favor of the latter number, for the obvious reason, that banks which pay interest on deposits can least bear to have any part of them idle. The active demand, caused by the panic, first came, as was to be expected, for deposits due to country banks, which had been disturbed by failures of several city bankers, who held large balances of money due to the interior.

These deposits were to a great extent loaned upon stocks and bonds in Wall street, "on call." But the rapid withdrawal of deposits from the banks made the "call" from every direction simultaneous. Borrowers upon stocks were thus deprived both of their facilities of borrowing, and of all power to sell their securities. The conflagration was so rapid and violent that the whole fabric of our financial system was in danger.

We have obtained from the Manager of the Clearing-House the precise figures of the bank statement which were not published during the panic. It illustrates the argument of the Clearing-House Committee, and is as follows:

NEW YORK BANK AVERAGES BEFORE AND AFTER THE JAY COOKE PANIC.

1873.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
July 19	$289,878,100	$32,273,600	$48,872,500	$240,206,400	$27,281,500
Aug. 23	289,931,800	25,144,200	45,532,400	227,691,300	27,214,400
Aug. 30	288,883,000	23,095,200	44,729,300	220,390,300	27,281,900
Sept. 6	288,374,200	21,767,000	38,679,900	212,772,700	27,355,500
Sept. 13	284,536,200	20,442,300	36,717,200	207,317,500	27,383,400
Sept. 20	278,421,700	18,844,600	34,307,900	198,040,100	27,414,200
Sept. 27	266,811,800	12,937,300	21,229,100	174,527,800	27,327,600
Oct. 4	268,408,700	10,635,500	12,012,700	156,402,300	27,425,900
Oct. 11	265,593,900	11,919,900	10,178,800	156,004,600	27,451,600
Oct. 18	261,366,100	13,388,500	6,280,500	153,794,900	27,453,400
Oct. 25	254,896,200	13,270,600	8,777,700	150,397,700	27,422,300
Nov. 1	253,232,400	14,972,600	14,724,900	155,824,200	27,413,700
Nov. 8	249,277,300	16,878,000	21,040,200	157,967,500	27,434,800
Nov. 15	248,723,200	16,630,400	26,095,600	161,844,800	27,357,700
Nov. 22	248,067,300	17,568,700	30,899,800	167,967,200	27,299,800
Nov. 29	248,281,700	19,807,000	35,881,300	174,339,400	27,238,500
Dec. 6	252,373,500	21,158,600	38,214,000	182,015,300	27,186,100
Dec. 13	254,520,600	22,319,500	42,060,600	190,054,200	27,167,200
Dec. 20	257,191,900	21,987,900	44,567,700	194,116,500	27,125,400
Dec. 27	258,094,500	26,514,300	44,664,000	195,152,100	27,156,100
1874.					
Jan. 10	265,640,000	32,679,100	50,926,000	219,668,000	27,169,300
Jan. 24	267,611,100	34,739,100	57,883,300	232,691,800	27,624,700
Feb. 28	282,555,700	26,488,300	61,915,000	239,864,300	26,775,100
Mar. 28	286,177,500	25,439,300	60,585,100	239,730,900	26,726,400

It is not our purpose to discuss this vexed question of "interest on deposits." We content ourselves with indicating the chief lines of argument relied on by the Committee. It will be remembered that the majority of the New York banks did not wholly endorse this report or accept its doctrine on this point. Another committee was appointed, who have not yet made any report in favor of paying interest. They will do well to prepare their document at an early day for the information of the public, as the London Joint-Stock banks pay interest on their deposits, and have done so for the past fifty years. The profits they make on their deposits range from one to two per cent. The London *Economist* publishes the following statistics of these profits compiled from the reports of the banks for the year 1874:

PROFITS ON DEPOSITS BY THE VARIOUS BANKS.

	1874. *Per Cent.*			1873. *Per Cent.*			1872. *Per Cent.*		
	£	*s.*	*d.*	£	*s.*	*d.*	£	*s.*	*d.*
London and Westminster	1	9	5	1	14	9	1	12	1
City	2	5	2	2	19	8	2	14	7
Imperial	3	12	3	3	8	10	2	11	4
Alliance	3	1	10	3	4	2	2	14	5
Consolidated	2	15	3	3	3	4	2	11	7
Central	3	1	5	3	9	6	3	10	3
London and South-Western	3	13	7	3	15	8	3	12	7
London and County	2	4	4	2	7	4	2	3	2

Without expressing any opinion on the general question at issue. we think the forthcoming report of the Clearing-House Committee ought not to overlook the example of the London Joint-Stock Banks.

Leaving the question of deposits, we next come to the loans and reserves. Here we approve unhesitatingly of the proposition of the Committee, which is, that all banks should make a point of holding in quiet periods of the year more than the legal average of reserve, so that they may be ready to meet the periodical demands of returning activity without producing spasms in the money market. And as to loans, the necessity of avoiding the locking up of any part of the bank assets in unavailable securities cannot be too strongly or too frequently urged.

Among the tests which have been proposed as to whether reckless loans are making by our banks, one of the most practical is afforded by the records of mercantile failures. Tried by this test our banks do not seem to be chargeable with much excess at present. We may appeal, in confirmation, to the figures lately published of the mercantile failures for the year 1874. To the same effect are the reports of the first quarter of 1875, which have just been prepared by Messrs. Dun, Barlow & Co., and compare as follows with the records of previous years:

FAILURES IN UNITED STATES FIRST THREE MONTHS, 1872–1875.

	Total Failures for Year.	*One Quarter of Same.*	*Total Liabilities for Year.*	*One Quarter of Same.*
1872	4,067	1,017	$ 121,056,000	$ 30,264,000
1873	5,183	1,295	228,499,000	57,124,000
1874	5,830	1,457	155,239,000	38,809,000
1875	First Quarter	1,733	First Quarter	38,873,000

FAILURES IN THE VARIOUS STATES, JANUARY 1 TO MARCH 31, 1875.

States.	*No. of Failures.*	*Amount of Liabilities.*	*States.*	*No. of Failures.*	*Amount of Liabilities.*
Alabama	15	$ 366,000	Missouri	65	$1.199,550
Arkansas	2	27,000	Nebraska	16	120,000
California	61	675,971	New Hampshire	..	......
Connecticut	41	297,761	New Jersey	11	81,758
Delaware	5	65,000	New York	152	2,694,562
District of Columbia	5	28,824	New York City	197	8,490,500
Florida	4	160,000	North Carolina	16	123,000
Georgia	40	1,037,300	Ohio	73	1,187,155
Illinois	96	2,385,018	Pennsylvania	155	4,927,606
Indiana	84	1,661,349	Rhode Island	21	476,394
Iowa	4	376,265	South Carolina	61	989,236
Kansas	19	83,300	Tennessee	23	143,765
Kentucky	38	1,196,000	Territories	32	546,702
Louisiana	6	305,831	Texas	67	660,100
Maine*	—	......	Vermont	7	31,200
Maryland	44	780,435	Virginia & W. Virginia	47	642,765
Massachusetts	113	5,514,000	Wisconsin	57	419,384
Michigan	61	511,041			
Minnesota	38	250,000	Total	1,733	$ 38,873,222
Mississippi	17	418,450			

* Included in statement from Massachusetts.

SPECIE PAYMENTS AND THE GOLD SUPPLY.

Rarely since the suspension of specie payments in 1861 has the question of the available supply of gold in the world been so much discussed as of late at home and abroad. The agitation is partly due to the Finance bill of January, fixing 1st of January, 1879, as the day for our resumption of coin payments. Partly, however, the agitation arises from the fact that the supply of gold from the mines has somewhat fallen off, while that of silver has increased, so that the equilibrium of value established between the two metals has seemed in danger of being disturbed. Another cause is the new policy of Germany, which has led to the substitution of a gold standard for the old silver standard, causing much of the old silver coinage to be melted down, and its place supplied either by paper or gold. A third cause of the general agitation as to the gold supply is the Franco-German war, causing an immense displacement of capital, and some heavy transfers of the precious metals all over Europe.

We have published during the period under review a number of papers on the subject, of various degrees of merit. It may be of service if we now collect the latest aggregates from various sources, and thus try to determine the stock of gold available for trade, and the rate of production of the probable future. In addition to the German demand, it must be remembered that there is a demand to make good the wear and tear as well as the casual loss of the existing stock of gold, a demand which is estimated to approach $15,000,000 a year, and also that Japan is likewise coining gold. France appears to be almost ready to resume cash payments, and Holland has under consideration a plan for adopting a single gold currency. Italy, Austria, Russia, Turkey, and Spain are all at present under a regime of inconvertible paper, but there seems little probability of their being speedily in a position to return to cash payments. The only addition to the existing demand to be apprehended in the immediate future, then, will be confined to Germany, Japan, France, and Holland.

According to a statement we published recently from the London *Economist*, the aggregate produce of all the gold mines since 1848 has amounted to $2,742,700,000. In 1848 it was estimated that the total stock of gold then existing was about $2,800,000,000. If this estimate was nearly correct, the yield of the mines during the past twenty-seven years nearly equals the whole stock of gold existing in the commercial world at the beginning of the period. But if the wear and tear and the casual losses of the twenty-seven years reached $15,000,000 per annum, there would have to be deducted a total sum of $405,000,000. The existing stock of gold in the commercial world at the present moment would

therefore somewhat exceed five thousand millions of dollars. It would be interesting to ascertain how much of this enormous sum is in the form of gold coin, but there are no means of determining the question. The productiveness of the mines reached its maximum in 1856, when the aggregate production was $160,000,000, of which the United States yielded $75,000,000, Australia $70,000,000, and Russia $15,000,000. Since 1856 the yield has been declining. Last year the estimate was $96,250,000, of which Australia produced $43,750,000, the United States $30,000,000, and Russia $22,500,000. While we observe a great falling off in the yield of the Australian mines, on the other hand there was an increased productiveness in the Russian mines. Allowing for the $15,000,000 to make good wear and tear, the additional supply last year, to meet the demands of all the world, both for coinage purposes and the arts, was but little over $80,000,000, or not greatly more than half the additional supply of 1856. Assuming that no new gold mines are discovered, it would seem probable, therefore, that the rise of prices due to the increased supply of gold has now reached its maximum. Indeed, if the productiveness of the mines continues to decrease, a fall is not improbable. This would undoubtedly be an advantage. On the other hand, since 1848, trade has received extraordinary extension as well as extraordinary development. Much more gold is consequently required for the settlement of international engagements. If the decreasing productiveness of the mines should cause a scarcity of the metal sufficient to embarrass the money market, this trade, it has been said, would probably suffer.

It is, of course, the productiveness of the mines which chiefly determines the abundance or scarcity of the metal, and consequently its value. But another circumstance must be taken into account: the stock of gold which may be hoarded away or held in reserve in the countries where cash payments are at present suspended. Now in the United States, in the year 1859 the amount of gold and silver in our banks, in the Treasury, and in circulation was estimated at $250,000,000. The quantity since raised from the American mines is $895,000,000, Of this latter quantity somewhat less than one-fourth is silver. Assuming that the proportion of silver in the coinage of 1859 was about the same, we find that our gold currency in that year was about $150,000,000. The total gold raised since the beginning of 1860 has been about $675,000,000, and the total imports $155,000,000, making an aggregate of production and imports of $830,000,000. The total exports during the same period have been $765,000,000. The surplus remaining in the United States, therefore, would be $115,000,000. But it should be observed that in 1860, 1861, and 1863 the silver exported is not distinguished from the gold. This would make the gold exports appear larger than they really were, and of course would increase the existing surplus.

Besides our mines, however, there is, as we have hinted, another source to which we can repair for supplies of gold. We refer to our hoards of the precious metals, which are variously estimated at

from $100,000,000 to $150,000,000. The experience of every country after suspension justifies the belief that on the resumption of specie payment, much of this accumulated coin of gold and silver would come out of its hoards, and would be available for use as a circulating medium, adding greatly to the productive capital of the country. Estimating these hoards as available to the extent of 85 millions only, we have 200 millions of dollars in gold and silver coin ready to come into active use when specie resumption calls it out.

There is in these facts no support for the theories of the gold speculators who are so ingeniously maneuvering in Wall street in favor of a rise in the premium. They argue that because the Bank of England has depleted its coin balance of late, therefore several millions of gold may in consequence be exported from New York. But as our production of the precious metals is estimated this year at 70 millions of dollars, it is evident that we shall be able without any serious inconvenience to spare all the gold that is at all likely to be wanted from us, either by England or Germany. It is reassuring to know this, for we are a debtor nation, and owe a great deal of money abroad, which is at any time liable to be called for in gold, or its equivalent; and as we cannot reverse the laws of trade so as to keep our gold from going out of the country, it is well for us to know that we can spare all that we are likely to be asked to export in the early future.

ANALYSIS OF THE POPULATION OF THE GLOBE.

In reading the economic works of Hume, Adam Smith, Dugald Stewart, Quesnay, Condillac, and other writers of the eighteenth century, one is surprised to find how, in spite of their defective means of information as to statistics, they still contrived to approach accuracy. In regard to the population of the globe, we must, perhaps, make an exception to this statement. In the eighteenth century the aggregate was estimated at from 500 to 800 millions. Twenty-five years ago the accepted estimate was 1,000 millions. The latest estimate we have seen is that of Dr. Wagner, who reports the population of the globe at the present time to be 1,391,032,000. Of course the figures are, in many cases, purely conjectural; but still it is a peculiarity of Mr. Wagner's estimate that it contains a smaller proportion of conjectural figures than any other estimate heretofore published. The aggregate population of the world Mr. Wagner estimates as follows:

POPULATION OF THE WORLD.

1.	America	84,542,000
2.	Europe	300,532,000
3.	Asia	798,220,000
4.	Australia and Polynesia	4,438,000
5.	Africa	203,300,000
	Total population	1,391,032,000

As to the population of America, Mr. Wagner divides it into four groups: North America, 51,991,500; Central America, 2,891,500; the West Indies, 4,202,400, and South America, 25,536,600, giving a total of 84,542,000. The particulars are as follows:

North America.		
Greenland	10,500	
Canada (census 1871)	3,718,745	
Newfoundland	146,536	
St. Pierre and Miquelon	4,383	
United States and Alaska, (census 1870)	38,925,598	
Mexico (census 1869)	9,173,052	
Bermudas	12,686	
Total of North America		51,991,500
Central America.		
Guatemala	1,194,000	
Honduras	351,800	
British Honduras	24,700	
San Salvador	600,000	
Nicaragua	250,000	
Costa Rica	165,000	
Panama	236,000	
Total of Central America		2,891,500
West Indies.		
Spanish possessions, Havana, 202,488 (census 1867)	2,068,870	
British possessions	1,042,585	
French possessions	306,244	
Dutch possessions	35,482	
Danish possessions	37,821	
Swedish possessions	2,898	
Hayti	572,000	
San Domingo	136,500	
Total of West Indies		4,202,400
South America.		
Venezuela	1,400,000	
States of Colombia	2,774,000	
Guiana	282,300	
Brazil	10,000,000	
Ecuador	1,300,000	
Peru	4,500,000	
Chili	2,043,000	
Argentine Republic	1,812,500	
Uruguay	400,000	
Patagonia and Fireland	24,000	
Paraguay	1,000,000	
Falkland Islands	800	
Total of South America		25,536,600
Total population of America		84,542,000

The population of Europe is nearly five times that of America, but less than half as large as the population of Asia. The statistics are as follows:

EUROPE.

Russia and Finland	71,174,198	
German Empire	41,060,695	
France	36,102,921	
Austro-Hungary	35,912,755	
Great Britain and Ireland, including Gibraltar, Malta, and Heligoland	31,977,128	
Italy, with Monaco and San Marino	26,811,584	
Spain	16,551,647	
Turkey, including Servia, Romania, and Montenegro	15,737,019	
Belgium	5,087,105	
Portugal and Azores	4,249,503	
Sweden	4,250,402	
Netherlands	3,674,402	
Switzerland	2,669,147	
Denmark, with the islands of Iceland and Faroe	1,864,496	
Norway	1,741,621	
Greece	1,457,849	
Luxemburg	197,528	
Andorra	12,000	
Population of Europe and European Islands		300,532,000

ASIA.

Turkey in Asia	13,686,315	
Russia in Asia	10,961,532	
Arabia	3,700,000	
Persia	5,000,000	
Toorkistan, with Toorkomania, Khokand, Bokhara and Chiva	4,556,000	
Afghanistan, with Beluchistan and Kalfiristan	5,300,000	
China	425,392,937	
Japan	33,110,503	
Hindoostan, with British possessions and Ceylon	240,112,001	
Burmah, Siam and Cochin-China	25,935,082	
East India Islands	30,465,030	
Total of Asia and Asiatic Islands		798,220,000

AUSTRALIA AND POLYNESIA.

Australian Continent	1,674,500	
Polynesian Islands	2,763,500	
Population of Australia, etc		4,438,000

AFRICA.

Egypt	8,442,000	
Morocco	6,000,000	
Tunis	2,000,000	
Algiers	2,414,000	
Tripoli, Barka and Fezan	1,150,000	
Sahara	3,700,000	
Abyssinia	3,000,000	
Samauli	8,000,000	
Galla-country and country east of White Nile	15,058,000	
Mohammedan States of Central Soudan	38,800,000	
West Soudan, Upper Guinea, and Equatorial region	89,100,000	
South Africa	20,285,009	
Islands	5,351,000	
Population of Africa		203,300,000
Population of Europe, Asia and Africa		1,306,490,000
Population of America		84,542,000
Total population of the Globe		1,391,032,000

It would be an extremely interesting task if we could go over the statistics of the several countries and compare their rapidity of growth in regard to population. We have not the data for such a task, however, except for some of the countries of Europe. Some interesting tables were compiled a few years ago, showing the rate of the annual increase of the population during the forty years ending in 1866. The result was, that during that period France had an average yearly increase of .47 per cent. in her population; England and Wales, 1.30 per cent.; Prussia, 1.18 per cent.; South Germany, .42 per cent.; Belgium, .54 per cent.; Sweden, .99 per cent.; Netherlands, .77 per cent.; Saxony, 1.54 per cent.; Denmark, 1.10 per cent.; Norway, 1.21 per cent.

So far as is known, France is now making less increase in population than any other European country. Another point of comparison is as to the population of the large cities. For the past 125 years there has been a steady tendency of the population of Europe to concentrate itself in large cities. The effect of the movement is exhibited in the following table; the second column of which shows the total population of the various countries, while the third and fourth columns give the number of cities having over 50,000 inhabitants and their aggregate population, while the last column shows the number of the residue of the inhabitants:

POPULATION OF EUROPE, SEPARATING THE CITIES OVER 50,000 INHABITANTS.

	Total Population.	*No. of Cities.*	*Population of Cities.*	*Rest of Population.*
Germany	41,060,695	34	3,704,080	37,356,615
Austro-Hungary	35,912,755	10	1,713,893	34,198,862
Switzerland	2,669,147	2	124,860	2,544,287
Denmark	1,864,496	1	181,291	1,683,205
Sweden and Norway	5,992,023	3	269,721	5,722,302
Netherlands	3,674,402	4	554,622	3,119,780
Belgium	5,087,105	4	668,651	4,418,454
Great Britain	31,977,128	40	8,828,275	23,148,853
France	36,102,921	23	4,183,654	31,919,267
Spain	16,551,647	8	953,321	15,598,326
Portugal	4,249,503	2	313,257	3,936,246
Italy	26,811,584	24	2,869,949	23,941,635
Turkey in Europe	15,737,019	6	1,111,754	14,625,265
Russia in Europe	71,174,198	14	2,487,001	68,887,197
Luxemburg	197,528	0	..	..
Greece	1,457,894	0	..	..
Andorra	12,000	0	..	..
Total population of Europe	300,532,000	175	27,964,329	272,567,771
Total population of United States	38,925,598	27	4,974,274	33,951,324

The great economic causes which have been at work throughout Europe during the past century, giving to the population of Europe a tendency to leave the country districts, and to concentrate itself in large cities, we shall endeavor in a future article to analyze, and to ascribe to each its due force. The statistics of the subject have, however, an interest of their own, independently of the industrial and financial forces to which they owe their origin.

WORKMEN'S STRIKES AND THE GROWTH OF WEALTH.

One of the evil results of the rapid growth of wealth in our day is the frequent strikes of workmen in the mining and manufacturing districts, both of this country and of Europe. In England and Germany the trouble has been greater than here. France is the country which seems to suffer least, and in great part the rapid growth of the French trade during the last few years is due to this exemption from strikes. The excesses of the Commune have thus brought their compensation. The turbulent minority of idle workmen, who have in all other countries been allowed to remain and infect the masses of their *confrères*, have in France been killed off, or have been exiled, or have been thoroughly crushed and cowed, or converted into industrious, quiet citizens. It is impossible to overestimate the importance of this circumstance in promoting the growth of the manufacturing enterprise of France, while her rivals in trade are embarrassed by strikes, and hindered from putting forth their full energies for the development of their national industries. France is a unit, and, being exempt from such troubles, can push her trade in all directions.

In this country the strikes of the last two or three years have had much to do with the slow recovery of our industry from the panic. Perhaps they had some influence in bringing it on. At any rate they have checked the recuperative energies of the nation, and retarded the reaction. It would be an easy task to expose the fallacies on which the claims of the workmen rest. For example, they claim that as all wealth is produced by *labor*, therefore their class, the *workingmen*, as they call themselves, create all the wealth that there is in the country, and thus have a right to a larger share of what they produce. Nothing can be more absurd. What would be the creation of wealth by a few millions of workmen, if we were dependent on their manual labor alone, and if this labor were not supplemented by the work of steam engines and labor-saving machines, equal in this country to 1,300 millions of men, or to the whole population of the globe? So far from the laborers and mechanics of this country claiming the honor of creating all the wealth we have, it has been sometimes argued that "their chief use, their simple task, is to do the remnant of work which, as yet, our machinery has not been sufficiently improved to accomplish. Accordingly, as years pass away, this margin of work grows less and less, and as it contracts, the claims of the laborers and mechanics founded upon it should contract also."

Without going so far as this, we may very properly remind our laborers and mechanics that popular opinion overestimates their rights. Where they count by scores and hundreds of men, the machinery their masters own is equivalent to the labor of thousands of men. Take, for example, a cotton factory, with its carding, spin-

ing and weaving machinery, worked by a steam engine of a hundred horse-power or more. How shall we estimate the number of men whose productive power such a machine represents? The evil done to such a factory by a strike is not only that 200 or 300 men, women and children become idle and unproductive, but also that the iron arms of the machinery become idle too, and thus entail a tenfold loss of productive power upon the community.

In view of these facts, who will claim that the work-people have a right to use intimidation in support of a strike? A man may no doubt refuse to work. Any number of men may combine in such a refusal. But the refusal must be wholly voluntary. No recusant workman has a right to intimidate or prevent his fellow-workman from getting his living and supporting his family by honest work. Still less have mechanics and work-people the right they claim to stop factories, and mines, and machinery from working in order to carry out a strike.

It is a mistake to call these strikes a fight of labor against capital. They are really a fight of a few laborers against the many, a fight of hundreds against millions and tens of millions, a fight of the weakest and most ignorant working men against a whole nation of intelligent, law-abiding citizens, supported by law, by capital, and by the forces of civilization and material growth. The only way in which mechanics and laborers have ever advanced permanently their condition, is not by striking against capital, but by means of hard work and steady thrift, making themselves capitalists. To-day almost all our leading capitalists and captains of industry are men who started life with no better aid than the education which this country offers without charge.

ARE BANKS RESPONSIBLE FOR DEPOSITED BONDS?

Ever since the war and the consequent multiplication of five-twenties, seven-thirties, ten-forties, and other coupon bonds, the ownership of which passes by manual delivery, vast amounts of these bonds have been owned by all classes of the community, and the holders of Government securities became more numerous in the United States than in any other country except perhaps in France, since the immense loans caused by the disasters attending the extinction of the Empire and the close of the Franco-Prussian war. One consequence of the increase of these bonds was, that many owners of such property, having no place of security in which to deposit their bonds, frequently took them to some bank in their neighborhood, just has they had been used to deposit there their plate, deeds, or other valuables. Before long, however, a multitude of bond robberies took place in various parts of the country, and as the detectives were not very successful either in bringing the thieves to conviction or stripping them of their plunder, the question arose, how far the banks who accepted without charge the custody of bonds for their customers, were responsible to the owners in case

the bonds were stolen from the vaults of the bank by burglars. This question has just been up before the New York Court of Appeals, and the opinion of the Court was delivered 23d March by Judge Allen. The suit was brought by the First National Bank of Lyons against the Ocean National Bank of this city. The first-named institution had deposited bonds to a large amount in the vaults of the Ocean National Bank for safe keeping. These bonds were not hypothecated, but were simply placed without charge in the vaults of one bank for the convenience of the other. While the bonds were so deposited the vaults of the bank were entered by burglars, and a large amount of property was stolen, among the rest the bonds of the plaintiff. The question was, who should bear the loss?

It was quite clear that the Ocean Bank was chargeable with negligence. For they had let their basement to the burglars, who hired there several rooms, among them one which was directly under the vaults of the bank in which were deposited the bonds of the plaintiff. The Court, however, did not reach this point in the case, but decided it on the preliminary question, whether the bank had actually bound itself as a corporation, or could so bind itself, by the simple receipt of its President or Cashier, who received bonds for deposit without hire.

The opinion of Judge Allen, is elaborate, and we propose to publish it in full next month. It decides the question of responsibility substantially as it was decided by the Comptroller of the Currency at Washington, some years ago. That officer, to whom have been at various times referred several cases resembling that given above, decided them on the principle that as the banks are not empowered in their charters to accept bonds on deposit, the receipt of its Cashier or President for such bonds does not bind the bank, unless such receipt is signed by the express authority of the Board of Directors. Now in the case above recited no such express authority was sought or claimed. Affirming this principle, the Court held that the signing of the receipt by the bank officer, or his acceptance of the bonds in dispute, must be regarded as an act *ultra vires*, for which the bank was not responsible, as its Board of Directors had not sanctioned it by an express vote, or by any positive action.

MR. BRISTOW AND THE UNSTAMPED CHECK DISPUTE.

Mr. Bristow has promptly decided the unstamped check dispute. Its history is a very instructive one. In the year 1868 the Commissioner of Internal Revenue, Mr. Rollins, claimed under the Internal Revenue Act of 1864, the right to visit National banks, to investigate as to the stamping of checks and promissory notes, and as to the full and correct payment of the Internal Revenue tax upon their dividends. This right which Mr.

Commissioner Rollins so claimed was based on the power given by the act to collectors and their deputies, etc., "to enter breweries, distilleries, manufactories, and buildings where property, articles or objects subject to duty tax are made, produced or kept." The case was elaborately discussed before Mr. McCulloch, the Secretary of the Treasury, who disallowed the claim, on the ground that the 55th section of the National Bank Act provides that the Comptroller of the Currency shall have the sole power of appointing examiners, who "shall make a thorough examination into all the affairs of the associations," and that National banks "shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the courts of law and chancery." Mr. McCulloch decided that as the National banks were expressly protected against any other visitorial interference by positive statute, the Commissioner of Internal Revenue could not appoint examiners, and his claim to do so was disallowed.

This decision of Mr. McCulloch in 1868 was accompanied by instructions to the Comptroller of the Currency, to require his examiners to investigate as to infractions of the Internal Revenue laws, as well as those of the Banking law. The arrangement was generally acquiesced in, as it was believed that the Comptroller had much better facilities for making such examinations by means of his experts than could possibly be acquired by the Internal Revenue Bureau. Besides this, the banks are accustomed to the examinations of the Comptroller, and do not object to them, while they do very earnestly remonstrate and complain against examinations by other persons, as causing a needless, wanton, and vexatious interruption of business.

For many years this decision has not been questioned, and the arrangements made have worked to the satisfaction of the banks, the public, and the Treasury. The revenue has been collected, the business of the banks has not been unnecessarily disturbed, and the public have been satisfied. The recent agitation for the repeal of the stamp tax on checks caused, however, some laxity in enforcing the law; and some of the banks, especially in the West, are said to have fallen into the habit of paying unstamped checks to a very large extent. When Congress refused to repeal the tax, but re-enacted it in the Little Tariff Act, there was a natural desire on the part of the Internal Revenue Bureau to enforce the law, and to collect the tax impartially all over the country. Accordingly, the old claim was revived to appoint Revenue inspectors, and great irritation was caused thereby all over the country. As late as the 11th of April, a Washington telegram announced semi-officially that these agents of the Revenue Bureau were "going on with the work of examining banks for the purpose of discovering unstamped checks." It was added that "the officers of the Internal Revenue Bureau do not anticipate an opposition on the part of the banks which will compel the Supervisor of Internal Revenue to bring suits under the law, which prescribes, it is said, a penalty for refusing this examination. Where the old law was

evaded by bankers, who accepted a receipt from the depositor in place of a check, no claim is made on the part of the Government for the stamp tax, as the Supreme Court of the United States decided that this receipt was not an evasion of the law governing bank check stamps. The new law, however, is sufficiently explicit, it is believed, to prevent a similar effort to resist the tax, and covers receipts offered in place of checks. There are a considerable number of cases where the neglect to stamp checks was unintentional, and they are being compromised by the Bureau instead of the trouble being taken to go into the courts."

The last sentence of this circular was regarded as savoring of blackmail, as the penalty for every check found unstamped is fifty dollars, half of which was believed to go to the informer or agent who discovered the delinquency. Now it was argued that it was impossible to reach all the delinquent checks, and as the drawers of them had erred in many cases innocently, and from a belief that the tax was or soon would be entirely repealed, much public annoyance would result from the course adopted by the Internal Revenue Department, which was, moreover, contrary to the old interpretation of the law adopted by Mr. McCulloch and his successors since 1868. It was also added that the violations of the stamp tax law were much less numerous than was pretended by the Internal Revenue officers. Of course the dispute had to be referred to the Secretary of the Treasury for decision. An able argument was prepared by the Comptroller of the Currency, and another by the Commissioner of Internal Revenue. We regret that our space forbids the citing of these arguments in this place. They were laid by the Secretary before the Solicitor of the Treasury, Mr. Bluford Wilson, whose opinion will be found on page 905 of this issue of the BANKER'S MAGAZINE.

This document is dated April 2d, and as the Secretary of the Treasury did not wish to disturb the established policy of the Treasury, which had worked so well for several years, it was ordered that special instructions should be issued to the bank examiners, just as was done under Secretary McCulloch when the question was up before. In view of this decision a letter has been published of the Commissioner of Internal Revenue to the Secretary of the Treasury, as follows:

"The recent examinations of National banks by Internal Revenue officers have developed the fact that, as a general thing, the law in regard to the affixing and cancellation of check stamps has been well observed. To make these examinations has taken considerable time of the officers, and consequently diverted just as much of their attention from the care of distilleries, breweries and tobacco manufactories. Inasmuch as these examinations are, by reason of other more important engagements, not made as frequently as is desired, I have the honor to request that, if in your judgment it is a proper course, you instruct, or cause to be instructed, the bank examiners in the employ of the United States, whenever they examine the condition of a bank, carefully to note and report to this office all

cases of failure to stamp or cancel any bank check, draft, order or voucher for the payment of any sum of money, as contemplated by section 15 of the Act of February 8, 1875. This policy, if adopted, will insure an examination of the checks of each National bank, I understand, some three or four times during each year, and will be, I trust, a very considerable aid to this office in the enforcement of the law. Should such instructions be given, I beg to be furnished with a copy thereof, as also with a list of the names of the bank examiners."

Whether this request will be complied with, and whether the bank examiners will be empowered to examine the "State" banks as well as the National banks, has not yet transpired. The Commissioner of Internal Revenue is reported to have compromised the default of some large bank for $50. If this be true, an investigation will, no doubt, be insisted on at the next session of Congress. The irritating dispute which has arisen on this subject is not unlikely to lend renewed energy to the efforts for a repeal of the check-tax next year.

THE TAX ON CAPITAL.

Is credit capital? and if not, what is capital? This difficult question has long divided political economists, and their dispute has been the subject of many learned treatises. It has just come up before the Supreme Court of the United States, and has been decided so far as was necessary for the issues involved. The suit was brought by Joshua F. Bailey, Collector of Internal Revenue, against the firm of Clark, Dodge & Co. of this city. The way in which the abstruse discussion first forced itself on the attention of the public was this: In the early part of the war, among the taxes imposed by the Internal Revenue law of 1864 was a tax on the capital of bankers. The 110th section of that act, as amended on the 13th of July, 1866 (14 U. S. Statutes at Large, 136), enacts "that there shall be levied, collected, and paid a tax of one-twenty-fourth of one per centum each month * * * upon the capital stock of any bank, association, company, or corporation, and on the capital employed by any person in the business of banking beyond the average amount invested in United States bonds." And the 79th section of the same act, as amended, declares "that every incorporated or other bank, and every person, firm, or company, having a place of business where credits are opened by the deposit or collection of money or currency, subject to be paid or remitted upon draft, check, or order; or where money is advanced or loaned on stocks, bonds, or bullion, bills of exchange, or promissory notes; or where stocks, bonds, bullion, bills of exchange, or promissory notes are received for discount, or for sale, shall be regarded as a bank or as a banker." (14 U. S. Statutes at Large, 115.) Now the bankers and brokers of Wall

street rightly thought that this tax imposed upon their capital did not refer to their deposits, but simply to their own money employed by them in their business of banking. They held that it did not include moneys borrowed by them from time to time temporarily in the ordinary course of their business. They applied and limited the term "capital" to the property or moneys of the banker set apart from other uses, and permanently invested in the business.

Mr. Justice Field delivered the opinion of the Court, which is of so much importance, and has attracted so much attention, that we give the following copious extract:

"During the years 1869 and 1870 the plaintiffs were bankers within the meaning of this statute, doing business in the City of New York, under the name of Clark, Dodge & Co., and at various times between the 1st of April, 1869, and the 1st of February, 1870, they made returns, as required by law, to the Assessor of Internal Revenue for the district, of the amount of their fixed capital employed in banking, and of the amount of moneys deposited with them by their customers. The Assessor required more than this; he insisted, against the objection of the plaintiffs, that all moneys borrowed by them from time to time and temporarily, in the ordinary course of their business, formed a part of their capital employed in the business of banking, and were subject to the tax imposed upon capital under the section cited. He accordingly assessed a tax upon the several amounts thus borrowed within the dates mentioned, as part of the capital of the company. The defendant was at the time Collector of Internal Revenue in the district, and, as such officer, enforced the payment of the taxes thus assessed, amounting to over $8,000. The plaintiffs protested at the time against the legality of the assessment, and appealed from the decision of the Assessor to the Commissioner of Internal Revenue. Failing to obtain any rescission of the assessment or restitution of the moneys paid, they brought the present action for their recovery.

"The action was tried by the Court without the intervention of a jury by stipulation of the parties, under the recent act of Congress. The Court found the facts we have stated, but with greater fullness of detail, and held that the moneys thus temporarily borrowed by the plaintiffs in the ordinary course of their business was not capital of the company employed in the business of banking, and was not, therefore, liable to assessment as part of such capital, and that the assessment and collection of the tax was, therefore, illegal and unauthorized. The Court accordingly gave judgment for the plaintiffs. To review that judgment the case is brought here on writ of error. As appears from this statement of the case, the only question for determination relates to the meaning to be given to the term capital in the 110th section of the Revenue act. The term is not there used in any technical sense, but in its natural and ordinary signification. And it is capital not merely of individuals, but of corporations and associations, which

is subject to the tax in question. When used with respect to the property of a corporation or association the term has a settled meaning; it applies only to the property or means contributed by the stockholders as the fund or basis for the business or enterprise for which the corporation or association was formed. As to them the term does not embrace temporary loans, though the moneys borrowed be directly appropriated in their business or undertakings. And when used with respect to the property of individuals in any particular business, the term has substantially the same import; it then means the property taken from other investments or uses and set apart for and invested in the special business, and in the increase of which property beyond expenditures incurred in its use consist the profits made in the business. It does not, any more than when used with respect to corporations, embrace temporary loans made in the regular course of business. As very justly observed by the Circuit Judge, it would not satisfy the demands of common honesty if a man engaged in business of any kind, being asked the amount of capital employed in his business, should include in his reply all the sums which, in the conduct of his business, he had borrowed and had not yet returned. There is no difference in the business of banking as conducted by individuals from the business as conducted by corporations, which would warrant any different meaning to be given to the term capital in the two cases. Nor can any good reason be stated why a distinction should be made between banking corporations and individual bankers in this respect. Independently of these considerations, there would be great difficulty in administering the law upon the theory that moneys temporarily borrowed are to be treated as capital, and taxable as such. The amounts borrowed from time to time must necessarily vary, and, if they are treated as additions to the capital, the aggregate amount of the capital must be constantly changing. It would, therefore, be necessary for the assessors of the Government, in order to determine the capital to be taxed every month, to average the sums borrowed, and in adopting any such course they would be obliged to interpolate into the statute the word average, which was stricken out by the amendment of 1866. We are satisfied that the term, as used in the statute, was intended to embrace only the fixed capital employed in the business of banking, as distinguished from deposits and temporary loans made in the regular course of business, and that no distinction is to be made in this respect between the capital of individual bankers and of banking corporations.

"It is undoubtedly true, as stated by the Attorney-General, that capital used in the business of banking is none the less so because it is borrowed. The mere fact that the money permanently invested in the business is borrowed does not alter its character as capital. The question here is whether money not thus permanently invested, but borrowed temporarily, in the ordinary course of business, to meet an emergency, is capital; and we are clear that the term does not, either in common acceptation or within the meaning of

the statute, embrace loans of that character. After controversies had arisen as to the interpretation to be given to the statute upon the question at issue in this case between bankers and the Government, Congress passed the Act of 1872, defining the meaning of the terms 'capital employed,' in the 110th section, and enacted that they 'shall not include money borrowed or received from day to day, in the usual course of business, from any person not a partner of, or interested in, the said bank, association, or firm.' This enactment was evidently intended to remove any doubt previously existing as to the meaning of the statute, and declare its true construction and meaning. Had it been intended to apply only to cases subsequently arising, it would undoubtedly have so provided in terms."

Such are the essential parts of the opinion of the Court in this case. Messrs. Clark, Dodge & Co. deserve the thanks of the banking community for the perseverance with which they have continued this troublesome litigation to a successful and final consummation in the Supreme Court. Over a million dollars are said to have been unjustly collected from Wall street firms. If this be true, the whole sum will of course have to be refunded, except in cases, perhaps, where the parties have voluntarily compromised the claim. Now that the question is settled, it seems strange that there should ever have been any claim put forth by intelligent officials, as to whether a law imposing a tax on a banker's *capital* applied to his *credit* in the shape of deposits.

But the truth is, that this same mistake of confounding capital with credit lies at the basis of many of the current errors of the day. In 1869 the Commissioner of Internal Revenue, Mr. Delano, to whom the foregoing claim was referred by Mr. Assessor Webster, argued that, as *deposits* consisted of *capital*, and as the tax was laid on capital, therefore the tax applied to deposits. This was the sophism which led to so much litigation, and has cost the Government and the people so large a sum of money. Mr. Delano ought to have recognized the obvious fact that, according to his reasoning, a banker's capital was made up in part of what he owes. Hence, the greater his debts the greater his capital, and a banker could never fail.

It is hardly fair to these gentlemen, however, to throw on them so much blame as some of the newspapers seem inclined to charge them with. They were sworn officers of the Treasury and were bound to collect the revenue. Their business was to administer the law, not to interpret its difficulties or correct its errors. That task is reserved for Congress and the Courts. Besides, the question at issue, though really very simple, has puzzled some of the clearest thinkers of the present age. Even John Stuart Mill, though in some parts of his treatise on Political Economy, he defines *capital* so as clearly to distinguish it from *credit*, still he is not free from confusion of thought when he comes to apply his abstract definitions to the banks, and to discuss the concrete facts of bank-

ing business, and of industrial activity. Mr. Dunning McLeod also expressly declares that credit is capital, and has written several elaborate chapters to prove and illustrate the thesis which he evidently regards with pride as in some sort a discovery of his own. Michel Chevalier also, although he does not go so far as Mr. McLeod, still he regards credit as ancillary to capital. This is much the same thing as to say that if a man has capital of his own he can generally borrow the capital of his neighbors. But if M. Chevalier wished to say no more than this, he has certainly taken a much less clear and definite method of explaining his meaning than is his usual custom. The fact is, that the wonderful powers of credit, as developed during the last dozen years in this country and in Europe, have dazzled a multitude of political economists, and have contributed to a great extent to the growth of the errors and sophisms which have been so prolific of crude legislation, paper-money theories, and fiscal blunders. The incisive penetration of the Roman legislators long ago settled this question of capital and credit on its true foundation. Capital, said they, is *sua pecunia*. Credit is *pecunia aliena*. The former is one's own money, the latter the money of other people. If Mr. Collector Bailey and our other Internal Revenue officials had promptly acknowledged this when urged by the Wall street brokers, the vexatious litigation above discussed would never have occurred, and a large expense would have been saved to the nation.

NEGOTIABLE SECURITIES AND THEIR OWNERSHIP WHEN STOLEN.

"If I lose a bank-note and it be found in your possession, whose property does the law declare that note to be?" The youngest beginner in mercantile knowledge can solve this problem, which was formerly so difficult to settle. He would tell us that a bank-note passes current as money, and it would be useless for that purpose if the ownership of it did not pass by simple delivery. Hence the law presumes the holder to be the true owner till "bad faith" is proved against him. If, then, I want my note back I must prove that you did not receive it in "good faith," or I am not allowed to challenge your ownership, or call your title in question. This rule of law is so familiar that it needs no discussion in regard to bank-notes. But it has been extended to other negotiable securities, of which during the last twenty years there has been so vast an amount created to represent railroad debts, Government debts, and the obligations of corporations. These obligations, like the debt of the United States, are represented by two distinct species of bonds, known in this country as registered bonds and as coupon bonds. A registered bond, as is well known, is one the ownership of which passes by inscription on Transfer Books; a coupon bond is one the ownership of which

passes by simple delivery from hand to hand. The latter class of bonds are almost exclusively used to send abroad. They are also preferred by a large body of investors in this country, as they admit of more easy transfer if the owner wishes to sell or hypothecate them. These coupon bonds represent the great and important class of instruments known as "negotiable securities." To them apply the principles and rules to which we have above referred. The owner of a coupon bond which has been stolen or lost has no more control or claim over it than if it were a bank-note. If he find it in the hands of a man who bought it in good faith, that purchaser is protected in his ownership and possession against all the world. To illustrate the magnitude of the interests thus protected, we may remind our readers that of the 1724 millions of our Government bonds now outstanding, no less than 962 millions are coupon bonds, while of the bonds of railroad and other corporations the amount is vastly greater. We need not say more to show the importance of having the rights of holders of such bonds placed as far beyond doubt as are the rights of holders of bank-notes. This, as we have said, has been attempted, though the public are not so well informed on the subject as they ought to be.

In the courts of law here and abroad, the principle has long been established that a stolen coupon bond in the hands of a *bona fide* purchaser for value, without notice, cannot be claimed by the original owner from whose possession it was stolen or lost. An interesting case under this rule has just been decided in the Supreme Court of the United States. It is the suit of Hotchkiss *v.* The National Shoe and Leather Bank and the Tradesmen's Bank of New York City; appeal from the Southern District of New York. This was a writ to compel the defendants to surrender to the complainant three $1,000 coupon bonds of the Milwaukee and St. Paul Railroad Co., which were stolen from the complainant and received by the banks. It is held that the certificates of scrip preferred stock, attached by pins to the bonds, containing an agreement that the holders should receive ten shares of the preferred stock of the company, upon the surrender of the bonds and coupons on the conditions therein named, did not affect the negotiability of the instruments, because the agreement was entirely independent of the pecuniary obligation of the instrument; and that the absence of the certificates was not a circumstance sufficient to defeat the title of the banks. Only proof of guilty knowledge or willful ignorance on the part of the banks could produce this result.

To a person well informed as to the fate of previous similar suits, it seems somewhat strange that in so plain a case Dawson could have been so ill advised as to waste money in going to law. But the fact is that the public are often ill informed as to their rights in such cases, and bankers and brokers as well as ordinary investors, who have purchased bonds which they subsequently find had been stolen from some previous possessor, are in

doubt as to what protection the law will give them. This incertitude is so prevalent that the Stock Exchange, some time ago, went to the expense of printing an able pamphlet on the subject, prepared by Mr. Joseph H. Choate, of the New York bar. Since then the law has received some further development, and a new edition brought down to the present time would be of considerable utility. Among the cases which have been decided since that pamphlet was issued, is that of Seybell *v.* The National Currency Bank. Under the ruling of Judge Cardozo, the case was decided for the plaintiff. On appeal the decision was reversed. The case was one of peculiar hardship. On the 12th September, 1865, Seybell was robbed of eight seven-thirty bonds. Early next morning he advertised the loss, and subsequently found that two of the notes had been sold by a stranger, at the market price, to the National Currency Bank of New York, and were bought by that institution in good faith and in the regular course of business. He brought suit for their value in the New York Court of Common Pleas, and got a verdict. But on appeal, 20th June, 1873, the New York Court of Appeals held "that a purchase like this by a bank at a fair market value, and in the usual course of their business, of Government bonds, which pass by delivery, was conclusive of good faith, unless the plaintiff could show that the defendants purchased with a knowledge of the robbery, or with the means of knowledge at hand which they intentionally avoided." This ruling was supported in argument by that of the Supreme Court of the United States, which held in a similar case that "coupon bonds of the ordinary kind, payable to bearer, pass by delivery; and a purchaser of them in good faith is unaffected by the want of title in the vendor. The burden of proof, in a question of good faith, lies on the party who assails the possession."

It is easy to see on this principle who is the legal owner of lost securities; and what protection has an investor who happens to buy bonds that have been stolen, if the loser attempts to reclaim them? We find, first, that the honest buyer has the fullest protection, but this protection cannot be claimed by a dishonest holder, if it can be found that his purchase was not made in good faith. *Mala fides* is fatal to his claims. A few years ago there was some anxious uncertainty as to this, both in England and here. But now that thousands of millions of bond transactions are done every year in this country, the Government credit has become intimately connected with the ease and security of such transfers, and the law has become more definite and settled, though it needs to be better understood by the public, as is proved by the frequency of abortive suits for the recovery of railroad, Government, and other securities, which, after being lost or stolen, have passed subsequently into the hands of honest holders by innocent purchase. One of the most recent of these suits was tried before Judge Gross, in May, 1872, in the Marine Court of this city. The case offered some novel features, and we have been favored with a copy of the points. From the evidence, it appears that on the 3d

of January last, Messrs. Morton, Bliss & Co., the financial agents of the Union Pacific Railroad Co., received fourteen January coupons of that corporation, for $30 each, from a firm of bankers in this city, Messrs. Cantoni & Barling. This firm had taken the coupons in the ordinary course of business. They had bought them over their counter from a stranger at 109, gold being 109⅛ a109¼; the transaction being done during their regular business hours on 3d January. They afterward sent the coupons to Morton, Bliss & Co., and made the usual demand for payment. Prior to this, and on the same day, Messrs. Morton, Bliss & Co. had a visit from a Mr. Ralph Dawson, who said that on the 2d January, he had been robbed of these same coupons, which were on their face payable to bearer. Having thus given due notice of his loss, he desired Messrs. Morton, Bliss & Co. to detain the coupons if presented, and to stop the payment of them. They did so, and informed Mr. Dawson, demanding from him a bond of indemnity. Instead of giving this bond, Dawson gave a written and verbal notice to Messrs. Morton, Bliss & Co., that he was the owner, that he demanded payment, and that he would hold them responsible. He was then referred to the parties presenting the coupons, and as he took no further steps in the matter, the defendants, as agents of the company, decided, after a week's delay, to pay the coupons to Messrs. Cantoni & Barling. Dawson thereupon brought an action for the amount against Morton, Bliss & Co., and of course he lost his case, as well as his coupons; the Court deciding that, as it was proved that Cantoni & Barling had received these coupons for value in good faith, in the ordinary course of their business, and without notice of their having been stolen, therefore they possessed by law a good title to the coupons, and had a right to receive the proceeds thereof, and unless paid, could have enforced payment against the Union Pacific Railroad Co. The Court further held that if Dawson had thus no claim against Cantoni & Barling, still less had he any claim against Morton, Bliss & Co., who were compelled to pay the coupons to "bearer," and stood simply in position of agents of the Union Pacific Co., appointed for the express purpose of redeeming and paying these coupons on presentation.

In the light of these decisions, then, we are at no loss to know whether the law affords adequate protection to the innocent purchaser of bonds which have been stolen. The law protects such purchasers against all the world. The previous owner who was robbed of the bonds has no more claim on them than if he had lost a bank-note or a piece of gold coin, which was afterward paid away for value, and had passed through the hands of innocent holders. As every such innocent holder has a perfect right to the stolen bank-note which he has received for full value, so has he a right to the stolen bond, or to any coupons from such bond, acquired in good faith.

Still, to save trouble or risk, investors will do well to buy bonds from none but responsible persons, and they should carefully pre-

serve written evidence of their purchases. It must never be forgotten that the chief point which the law regards is "good faith." If they are offered bonds from an irresponsible person, at less than the market price, and they buy such bonds, the law will raise a presumption against them, should these bonds prove to have been stolen, as very probably they will. And in such a case they would not only lose their money and bonds, but would, perhaps, be involved in criminal proceedings besides. For, although the rights of honest buyers of bonds have to be protected, yet the courts are not to be prostituted to give amnesty to bond-thieves, protection to swindlers, or a bounty to fraud.

In the law as it stands there is, however, we must confess, a peculiar hardship in cases of lost bonds. By the common law a man has a right to follow his stolen goods, and may claim them wherever found. Thus, if his horse be carried off by a thief, the loser may seize it on sight, and the buyer has no remedy except against the person of whom he had it. To men familiar with this old rule of law, it seems hard to lose a bond of much greater value than a horse, and after costly search to find in a bank, or elsewhere, the very bond which was stolen from him, but to have no power to reclaim it, or to exercise any rights of ownership upon it. These hardships, added to the frequent bank robberies, and the impotence of our defective police to punish the thieves, has caused some clamor against the law as it stands at present. But the remedy must be sought elsewhere. The courts must treat all stolen bonds on the same principles. It would never do for an innocent person, who invests in good faith in bank shares, railroad securities, or Government bonds, which prove to have been stolen, to be in danger of losing his money, and of being compelled to give up his securities, though he bought them in open market, without suspicion of fraud, and in the usual course of business. In face of such risks how could our railroad system recover its credit or our banks sustain their position? How could our Government have negotiated its enormous war loans? Who could have been induced to invest in Government securities except at a heavy discount?

In no other country in the world are there such a multitude of divers railroad, municipal, county and Government bonds afloat, payable to bearer, as in the United States. The general prejudice in their favor has grown up from the ease with which they can be negotiated, borrowed upon, and transferred from hand to hand. It would vanish instantly if the law no longer protected the title of every holder against all the world until actual bad faith can be positively proved against him. At home, therefore, as well as in foreign markets, these coupon bonds have always been preferred over the registered bonds, and usually fetch a somewhat higher price. The chief objection against them is this temptation they offer to thieves, who can too readily dispose of them. But the objection, so far at least as Government securities are concerned, is easily removed. The holder can acquire perfect security by

converting his coupon bonds into registered bonds. The change may be made without cost through any Government broker, and then if a burglar carries off the bonds, they are of no use to him. He can neither sell them nor pledge them, nor collect the interest on them. And if the thief does not return the bonds, the owner after a fit delay may get duplicates from the Treasury, so that he is secure against all hazards. It might be well for our railroad companies to offer similar facilities for conversion of their coupon bonds into the safer form of registered securities. We find in the London *Law Times* the following suggestive article on some of the questions discussed above.

"There is no part of our law relating to commerce that is of more importance than that which decides what are and what are not negotiable instruments. From one point of view, this is a question of fact rather than of law, the answer depending, in many cases, upon the custom of merchants; and it is highly desirable that questions such as these should be kept distinct from all that is arbitrary or technical, as far as that may be possible, and considered rather with reference to what is convenient in practice and reasonable in principle. It is not of itself sufficient to make an instrument legally negotiable that it is transferable by established custom. The custom of merchants (unless part of the ancient law merchant), with all the weight that has been given it for the benefit of commerce, cannot confer upon the holder of an instrument the right to sue upon it, unless the instrument is one the legal right to sue on which passes by delivery, or because the parties are not themselves competent to introduce such an incident by express stipulation. And negotiable instruments must be of this last class. In order, therefore, to ascertain whether an instrument is negotiable, the question of fact must always be inquired into, 'Is it by the usage of trade transferable like cash?' But there remains the equally essential question of law, 'Does the mere delivery of it confer upon any person receiving it *bona fide* and for value a good title to the property which it symbolizes?'

"Of what instruments this last question may be answered in the affirmative was the point in the recent case of Goodwin *v.* Robarts and others; and though there could be little room for doubt as to what the judgment would be, the case was one of such immense importance in commercial circles that it must have been with a feeling of relief that that judgment was heard in the city. The facts were as follows: The plaintiff purchased certain Russian and Austrian scrip in February, 1874, through one Clayton, who improperly pledged it to the defendants as security for a loan to himself. Clayton having been adjudicated a bankrupt, the defendants appropriated the proceeds of the scrip to the discharge of their advance to him; and the plaintiff then brought an action against the defendants to recover the sum they had received for the scrip. In delivering judgment, Baron Bramwell said that the question whether foreign bonds were negotiable instruments had been decided in Gorgier *v.* Mieville, 3 B. & C., 45, and that de-

cision had never been overruled. The remaining question was, whether there was such a substantial distinction between bonds and scrip that the law that applied to the former did not apply to the latter. The case that had been relied upon by the plaintiff was Crouch *v.* The Credit Foncier of England *(Limited)*, 29 L. T. Rep. (N. S.), 259, where it was held that an engagement to pay money to bearer not entered into by a promissory note or bill of exchange could not be rendered a negotiable instrument. But the argument that these scrips, being merely engagements to give bonds, cannot be made negotiable instruments, was founded upon the assumption that the agents of the foreign governments for the negotiation of these loans in this country took upon themselves some liability, which they clearly did not. It appeared to him shocking to common sense that such scrip, which were in a manner *interim* bonds, should not be negotiable, while the bonds to which they related were negotiable. The case was governed by the decision in Gorgier *v.* Mieville, and the judgment of the Court must be in favor of the defendant. Baron Cleasby concurred. From the above very brief summary of a most able judgment, it will be seen that these scrips are, as regards their negotiability, placed on exactly the same footing as bonds.

"The leading case on this subject is Miller *v.* Race, Smith's L. C. (6th ed.), 479, in the notes to which the authorities are collected. It was held in that case that property in a bank-note passes like that in cash by delivery; and a party taking it *bona fide* and for value is entitled to retain it as against a former owner from whom it has been stolen. Lord Mansfield, in delivering judgment, gave the true reason why bank-notes and cash are on the same footing after delivery. It has been quaintly said that 'the reason why money cannot be followed is, because it has no ear-mark,' but this is not true. The true reason is upon account of the currency of it; it cannot be recovered after it has passed in currency. So in case of money stolen, the true owner cannot recover it after it has been paid away fairly and honestly upon a valuable and *bona fide* consideration; but before money has passed in currency, an action may be brought for the money itself. So in Foster *v.* Green, 31 L. J. (Ex.), 158. It is essential to the currency of money that property and possession should be inseparable. In Gorgier *v.* Mieville, *ubi supra*, the case on the authority of which Goodwin *v.* Robarts and others was decided, the King of Prussia had given bonds whereby he declared himself and his successors bound to every person who should, for the time being, be the holders of the bonds, for the payment of the principal and interest in a certain manner, and it was held that the property in those instruments passed by delivery as the property in bank-notes (Miller *v.* Race, *ubi supra*), exchequer bills (Brandao *v.* Barnett, 12 Cl. & Fin., 987), or bills of exchange, payable to bearer; and that, consequently, an agent, in whose hands such a bond was placed for a special purpose, might confer a good title by pledging it to a person who did not know that the party pledging it

was not the real owner. See, also, Jones *v.* Peppercorn, 28 L. J. (Ch.), 158, and Attorney-General *v.* Bouwens, 4 M. & W., 171. In this last case, the point as to negotiability arose upon the question whether the instrument was subject to probate duty; and it was held that probate duty is payable in respect to bonds of foreign governments, of which a testator, dying in this country, was the holder at the time of his death, and which have come to the hands of his executors in this country; such bonds being marketable securities within this kingdom, salable and transferable by delivery only, and it not being necessary to do any act out of this kingdom in order to render the transference of them valid. And in the case of Glyn *v.* Baker, 13 East, 509, where it was held that East India bonds were not negotiable instruments, the alarm created by the decision was so great, that within a month an act (51 Geo. III, ch. 54) was passed, putting them on the same footing as cash and bank-notes. In *Byles on Bills* (5th Am. ed.), 281, it is said that in the State of Georgia it has been held that any bond payable to bearer is a negotiable instrument."

STATISTICS AND MATERIAL PROGRESS.

Statistics, says Buckle, have done more for human progress than all the sciences. Another author, with less epigrammatic elegance but more practical truth, tells us that the other sciences build up the edifice, but Statistics digs the foundation and finds most of the materials. Both these views are combined by a later writer, who claims that statistics supply the bony skeleton of dry facts, while the other sciences add the muscles and tendons, and all that gives movement and grace and force to the organism of human knowledge, and to the energy of progress and civilization. These tributes of praise to statistics are much more familiar and popular to-day than at any time since they were first started by the founder of the Baconian philosophy, to which our modern civilization owes such inestimable obligations. It is to this growing appreciation of the value of statistics that England, France, Russia, Germany, and most of the nations of Europe have published yearly and other reports, more or less complete, of the statistics of revenue, of banks, of shipping, of railways, of emigration, of commerce, and of productive growth. The Government of the United States, from a very early period of its history, has been distinguished for the statistical reports published by its officials, as will be proved by the Centennial Report which is now preparing by the Treasury, containing extracts from these reports, illustrating the progress of the country in productive power and material wealth since the foundation of the National Government.

Although, however, we claim for the United States the distinction of being among the first nations to appreciate the value of statistics, still it has been complained that we are letting other nations

outstrip us in this respect. A very suggestive article on this point lately appeared in the Cincinnati *Commercial*, a journal whose frequent contributions to various practical branches of statistical research are always found to be highly interesting and trustworthy. After some timely strictures on our national shortcomings in this regard, our contemporary offers several specific suggestions for reform, all of which, we doubt not, our readers will emphatically endorse. They are as follows:

I. "In the very last report of the Chief of the Bureau of Statistics, complaint is made (and we think with reason) of the great defects in existing laws, which render it difficult and even impossible to obtain full and accurate statistics. One class of information which is almost wholly deficient in the reports of our Statistical Bureau is that relating to the coasting trade of the United States. That Bureau, it appears, is operating under an antiquated law, passed in 1793, which requires the registry and collection only of statistics of vessels having foreign goods on board. These movements comprise but a very small portion of the trade from port to port in the United States; and, our statistical officers not being armed by law with any authority, or provided with any means to collect the statistics of the purely American coastwise navigation, the statements of it published by the Bureau embrace but a small part of this vast commerce. It has repeatedly been urged upon Congress, both by the Chief of the Bureau and by the Secretary of the Treasury, that legislation should be passed to render the record of this commerce approximately complete; yet Congress, engrossed with political partisanism, office-brokerage and President-making, neglects year after year to make any practical provision to render it possible to possess ourselves of facts so vital to American progress as these.

II. "Another disgraceful omission in the arrangements of our Statistical Bureau is the want of any provision for registering the amount of commerce which passes in and out of the country by railway. Our annual reports of exports and imports contained in the Commerce and Navigation Report (a large volume published annually), register only the value of articles shipped and received by vessels, omitting entirely those which go across the Canada border by railway. Dr. Edward Young, Chief of the Statistical Bureau, reported last year that the figures of our commerce with the British North American Provinces, published by our own Treasury Department, and those of the Dominion of Canada, showed a discrepancy of about $10,000,000 in a single year. Being assured that this discrepancy arose mainly, if not wholly, from the want of any means of recording the quantities and values of articles transported in railway carriages to and from the Provinces of Quebec and Ontario, he went to Ottawa and made arrangements for an interchange of detailed statements of imports and exports. The total value of articles omitted from the American tables of export and import amounted, during the fiscal year 1874, to $10,200,000, thus completely vitiating the value of the whole statistics record-

ing our trade with the important provinces on our northern border. It was proposed to Congress nearly a year ago that the defective legislation which makes no provision requiring registration of transportation by land carriage should be remedied; yet nothing was done, and we go blundering on in the same foolish way, piling up ignorance and inefficiency where it is completely within our power to have intelligence and efficiency, and to profit by them.

III. "A third subject of statistical science shamefully neglected, and inadequately (and therefore falsely) reported, is the product of the American Fisheries. Under existing laws, the Customs collectors are able to furnish official returns of the catch of those vessels only which, by the Act of 1793, are required to make entry on their return from the fishing voyage. It is therefore impossible to obtain any particulars of the system, or any accurate data in regard to the catch of fish taken in waters on our coast where no distant voyage is made requiring a Custom-House entry. Yet these home operations constitute the principal part of that important maritime industry. Here, now, is the Congress of the United States deliberately standing in the way of securing a true return of the American fisheries, by perpetuating the antiquated act of nearly a hundred years ago, in spite of the repeated representations of the importance of its amendment.

IV. "A fourth great topic of National interest, second to none in its importance, is the statistics of immigration into the United States. These are derived solely from manifests filed in the Custom-Houses by masters of vessels, in accordance with the act of March 3, 1855. But this provision of law does not extend to cars or other land vehicles; so that the same difficulty exists in regard to immigration to the United States over the northern border from Canada, and from Europe through all the provinces of the Dominion, which we have referred to as vitiating the statistics of exports to Canada in railway cars. It is stated as a fact in a recent Government report, that this immigration by railway is very large, the number of immigrants coming into the United States through the district of Huron alone exceeding that brought by vessel into any port in the country except New York."

Our contemporary also complains of the inefficiency in the arrangements for collecting statistics of emigrants from the United States. The only provision of law requiring lists of them to be filed with the Collectors of Customs is construed to extend only to American vessels, and information in regard to passengers or emigrants departing by cars or foreign vessels can only be prepared at hap-hazard or from conjecture, unaided by law. We lately showed that the number of emigrants from the United States has increased during the past year and a-half, and the majority of them take passage in foreign steamships. The importance of keeping more full and accurate statements of the immigration into this country and the emigration from it will cause, we trust, an early adoption of some better means of ascertaining the facts and placing them on record.

Several attempts have been made at various times to induce Congress to provide for and to authorize the collection of the financial and general statistics of our railroads throughout the country. At present we are without the official statistics on this subject, which are collected in England and elsewhere with so much advantage. We are, therefore, dependent for our information in regard to railroad traffic and finance, on *Poor's Manual*, *the Railway Gazette*, *the Railroad Journal*, and similar works, which, being made up at great expense and by private enterprise, are manifestly liable to more imperfection and error than the reports of official statisticians, who have nothing else to do, and whose reputation depends on the impartial accuracy and trustworthy fullness of their work.

It would be unfair to our National Bureau of Statistics and its painstaking chief, were we not to express our appreciation of the increasing value of its monthly and yearly reports. Considering the force at Dr. Young's disposal, it is not a little gratifying that he is able to do so much. We must also approve the opinion that, however defective our statistical reports are on some subjects, there are others in which we may challenge comparison with any European nation. Among these we may place our banking statistics, which, though still defective, are published more frequently, fully, and perfectly than even those of England or France.

GOVERNMENT CURRENCY IN EUROPE.

In the Vienna Exhibition an ingenious little book, called the "Coin Chart of the World," was published and attracted much attention. One of its distinctive features was a colored map, in which the countries which had a gold dollar circulation were distinguished by one color, those using the sovereign or the franc by other colors, and so on. If the painstaking author of this elaborate chart were to execute a similar chart of the paper-money countries of the world he would find, at the present time, very few great countries, except Great Britain and her dependencies, which would be wholly free from the color designating the presence of a Government paper currency.

It is somewhat remarkable that while in America and Continental Europe, where paper-money issues have been in use so many years, the most vigorous efforts are making to get rid of Government paper money, there are still to be found in England, the stronghold of hard currency theories, not a few enthusiastic supporters of paper-money fallacies. The London *Economist* published some weeks ago a long letter, announced as from an eminent financier, advocating the suppression of Bank of England notes, and the substitution for them of Government notes, which, in several important respects, would resemble our greenbacks. The publication of this letter was followed on the 16th March by a suggestive debate in the House of Commons. A gentleman, who

has often distinguished himself before in the same field of currency agitation, Mr. George Anderson, the member for Glasgow, moved for a Royal Commission to inquire into the working of the bank acts of 1844 and 1845 in England, Scotland and Ireland. He complained that in time of panic the rate of interest was high. He praised the currency system of the United States, and predicted trouble if it were revolutionized by the resumption of specie payments. He intimated that the several suspensions of the bank act had no effect on the convertibility of Bank of England notes. He insisted that the currency contracted when more of it was needed, and expanded when it should contract. The remedy which he wished to be adopted was an increase of note issues direct by the Government, only securing ultimate convertibility—immediate convertibility being in his view obtained at too great a cost.

Another distinguished merchant, Mr. Samuel Morley, declared that failures were caused by lack of steadiness in the rate of discount, that no other commodity varied so constantly and largely in price as gold, and that England had become the laughing-stock in every country in Europe as a commercial nation. No other member spoke at length in favor of the motion, but the points made by the two gentlemen already named were ably refuted, and only forty-seven members voted for the inquiry. One member reminded Mr. Anderson that while in Great Britain the rate of interest ranged from two and a-half to nine per cent., in the United States under our system, which he would like to have adopted, it ranged from nine to ninety. As for the departure of gold from the country, it was pointed out that it only went to pay for goods which it was thought worth while to buy. And there was a general concurrence of testimony that few or no business houses had failed which had any security to offer when they proposed to borrow money, that few failed who did not deserve to do so, and that failures were quite as common when the rate of interest was low as when it was high. It does not seem to have been thought worth while to answer Mr. Morley's absurd statement, that the value of gold fluctuated more than any other article. The *use* of money fluctuates in value, but if "money" itself fluctuated so violently it would lose its power and forfeit its function of acting as a standard of value. For a "standard of value," like a yard-stick or a gallon measure, is useful just in proportion as it is steady, unchangeable, and trustworthy.

The idea that the issue of paper currency on gold security should be a function of Government seems to have made but little progress in Great Britain. There is certainly something to be said in its favor, but there are fatal objections to it. The Bank of England pays very heavily for its supposed privilege of issue, and makes dividends of but ten per cent., while the chief joint-stock banks of London divide twenty and twenty-four per cent. per annum among their stockholders. While the right of issue is restricted, as now, there is no danger that the notes will ever be at

a discount. What might happen under a system of Government issue, even in Great Britain, we know, from the suggestion of a member in the very debate to which we have referred, that as the maximum contraction in any six months during the last thirty years had been four million pounds, a reserve of five millions gold in the Treasury against all issues of notes would be amply sufficient. Another member, Sir Andrew Lusk, who is the head of the great London house of A. Lusk & Co., was equally in favor of taking away the privilege of issue from the Bank of England, but he would substitute nothing in its place. He was opposed to note issues altogether. The privilege was a monopoly by whomsoever held; the idea that paper was or could be money was a hallucination. He thought that gold ought to be like corn or tea, or any other article—to be sold to and held by the person who would give the most for it. The result of the debate was decidedly unfavorable to the absurd notions of the paper-money theorists. Indeed, fully one-half of all the speakers who supported his motion are reported to be decided bullionists. The chief reason why such men voted with Mr. Anderson was that they believed an inquiry by a Royal Commission would do good, and would bring to light some of the evils of the English banking system. Others contend, however, and we think with reason, that there is little hope for the correction of the destructive dangers of English banking, so long as the search is confined to the currency. With characteristic obstinacy, the British financiers hold, and persist in affirming in the face of all evidence to the contrary, two propositions: first, that Government has no right to meddle with any department of banking but the currency; and secondly, that the joint-stock banks cannot be efficiently reached by Act of Parliament, to compel them to hold adequate reserves, so as to remove the most potent cause of monetary perturbation in England.

The consequence of these two fundamental errors of financial doctrine are conspicuously seen in the slow progress of banking legislation in England since the time of Sir Robert Peel. His Bank Act of 1844 was intended to carry forward the famous legislation of 1819. By those two famous laws the currency of England was established on a gold basis, and nothing further needed to be done in that direction. What was necessary by way of further reform concerned the bank reserves and not the bank currency. Had Sir R. Peel lived and resumed office there is no doubt that these reforms would have long ago been pushed forward. But the mantle of this great Financial Statesman has fallen on none of his successors. Every bank reform which has been agitated in the British Parliament during the last twenty-five years has failed, for the simple reason that it has been aimed in the wrong direction, and has sought to do evil by disturbing the Peel settlement of the currency, rather than seeking to do good by letting the Peel legislation alone and supplementing that settlement of the question of bank currency by a like wholesome adjustment of the question of bank reserves.

THE FRENCH WAR FINE.

HOW IT WAS PAID, AND THE ECONOMICAL CONSEQUENCES THEREOF IN GERMANY AND FRANCE.

Being a paper by Mr. Wolowski, Member of the Institute and Deputy to the National Assembly, printed in the JOURNAL DES ECONOMISTES, *December*, 1874.

[TRANSLATED BY THOMAS BALCH.]

[Continued from April No., page 786.]

V.

The course of exchange was the trusty guide of our financial operations, and the shrewdness with which our Treasury conducted its negotiations in the markets throughout the world, for procuring the means with which to meet our payments to Germany, furnishes for consideration one of the most curious pages of economical facts. It was not only necessary to gather together the necessary funds, but also to deliver them in Germany. Mr. DUTILLEUL, the Director-General of the Transfer of Funds, to whom the honor of effecting this part of the transaction is mainly due, knew how to furnish the necessary supplies, how to handle them, to renew them and skillfully adapt them to our exigences, so as to keep the rates of exchange relatively favorable. The greatest difficulties were anticipated in the transmission of these immense amounts. As to this he knew how to economize, and succeeded in averting any serious loss to us, by maintaining a comparatively even monetary balance.

To sum up the total of the remittances made to Germany, we delivered:

	Francs.	C.
In notes on the Bank of France	125,000,000	00
In French gold	273,003,058	10
In French silver	239,291,875	75
In German specie and bank-notes	105,039,145	18
In thalers	2,185,313,721	04
In Frankfort florins	235,128,152	79
In marcs banco of Hamburg	265,260,990	29
In marks of the Empire	72,072,309	62
In florins of Holland	250,540,821	46
In Belgian francs	295,704,546	40
In pounds sterling	637,349,832	28
Total	4,990,660,453	29

Precious lessons are contained in these figures. They show that in order to make our payment we have used the Eastern Railway compensation of 325 millions, 742 millions in bank-notes, German moneys, and gold and silver; and, lastly, more than 4 milliards 248 millions of bills of exchange.

The compensation of 325 millions for the Eastern Railway has put upon our "*Grand Livre*" an inalienable *Rente* of 20,500,000 francs to the credit of the Company.

The notes and specie were made up of 125 millions of Bank of France notes, 105 millions German notes and coin, 273 millions of French gold, and 239 millions of French silver. The German money had been introduced into France during the invasion.* The French specie was remitted by us directly to Germany for 512 millions, about one-half in gold and one-half in silver. The Bank of France furnished 150 millions in gold, pursuant to a supplementary agreement signed in May, 1873, in which it consented to this new advance to the Treasury. In this way we hastened the liberation, without increasing in a corresponding degree the mass of notes issued and without heavily depressing exchange.

Whilst exposing the reasonable and useful character of this measure, let us mention, in passing, the important truth which it brings to light. Far from being threatened with the suspension of its usual operations in the last quarter of 1873, as Mr. Magne alleged in the discussion which we had with him in the month of July last (1874), and of having been saved by the re-imbursements hurried from the Treasury, it was the Bank which then gave a manifest proof of its strength. Instead of having recourse to the assistance of the State, it was the Bank which furnished the Government with a sufficiency of resources. Dr. Wagner erroneously ascribes our deliverance to an exuberant expansion of legal tenders, which still threaten the circulating medium. We paid with the effective resources of the loan. We did not depress the market by the abuse of paper money. We preferred the heavy charge of a debt to the deceptive facilities of a fictitious deliverance, and we are rewarded for it by the solidity of our *medium of exchange*.

This solidity proceeds from our having diminished only temporarily, and in a small proportion, our metallic reserve, which is already nearly restored to its former level. The proportion of gold and silver paid to Germany was insignificant in comparison with the sum total. It was less than the amount required by Germany to accomplish her monetary transformation, the change from what is called the *standard of silver* to the *standard of gold*.

Without the resources supplied by the war-contribution it would have been impossible for her to have realized this metallic renovation, and we know that it does not advance very rapidly, notwithstanding the assistance which it has received by her success in arms. We have not only to appreciate the difficulty of supplying Germany with gold; we must also not lose sight of the disturbance of the general market, occasioned by an extraordinary demand for this preferred one of the precious metals.

The serious embarrassments of the London market, which have been felt in the whole world, have been occasioned by the with-

* The sum spent by German officers and soldiers for individual expenses is computed at 150 millions.—*Trans.*

drawal of some hundreds of millions of gold by Germany. If these demands had been still further multiplied, and if the most ordinary prudence had not insisted on their being restrained,* we should have encountered a financial storm without precedent, a storm entirely owing to the reckless promoters of a pretended universal metallic unity.

The deliveries of French gold alleviated somewhat the violence of the transition. Nevertheless they have only formed a part of the mass which has been recoined in the mints of Germany. Those who, preoccupied by an exclusive idea, have urged on the unity of what they call *the gold standard* whilst overlooking entirely the predominant influence of the mass of the reserves in the precious metals, whether gold or silver, and the inexorable action of the *law of proportion* between the two necessary agents of the circulating medium, have no cause to rejoice at the spectacle which Germany presents. They have desired to do violence to the nature of things, and, notwithstanding the unexpected co-operation of a victorious war, which provoked "a shower of gold," her situation is anything else than satisfactory. We shall return to it presently.

France, on the contrary, has to congratulate herself for having maintained the *double standard* of lawful payment. She availed herself of it to diminish the difficulty of settling with Germany. Nor was it only this double employment of gold coin and silver coin which she has known how to turn to advantage. She purchased with greater facility bills *payable in silver*, and thus that metal performed almost all the work of liberation. Bills of exchange, payable in silver, covered more than four-fifths of the contribution of war. We stand aghast before the perspective of the danger that we should have run if we had accepted, prior to the war, *gold* as the sole liberating instrument. The maintenance of the *double standard* saved us from a serious danger.

Germany, intoxicated with her success in the war, and believing that henceforth all things were possible to her, desired to strike a great blow by transforming the metallic circulation in such a way as no longer to admit anything but gold as a payment. Three years have elapsed since this decision. They are still far from having put it in practice. Even now, in order to prevent the new gold money from flitting as fast as it is put in circulation, they are obliged to tighten the screw of discount (*serrer l'écrou de l'escompte*) and to raise the rate of interest.

Meanwhile, the accounts rendered in Germany have disclosed an affluence of French gold much greater than any which could have been the result of direct remittances from France. We see in those statements 518,590,410 francs in gold pieces appear, to which must be added 287 millions of francs in weight, together more than 800 millions, to which must be further added 42 mill-

* The American reader will, of course, recall the telegram and the declarations of Herr Camphausen in the German Parliament.—*Trans.*

ions bought by weight in England, in all about 850 millions of francs. This shows that at all times there is in circulation in foreign countries a considerable mass of our gold coin. Everywhere the 20-franc piece is readily received. Those who, with us, are urging the adoption of an universal representative coin, misunderstand the situation. Such a coin, by the natural movement of business, already exists, and is accepted throughout the continent* of Europe. France possesses already the advantages of a widely circulating money, and is not called upon, therefore, to make sacrifices and risk any dangers to create it.

The German mints gathered all the gold which they found in circulation. But even after adding it to the sums which we furnished, the total did not suffice to coin more than a milliard of gold marks (1,260 million francs) struck previously to 11 December, 1873, and augmented since that date. To accomplish this, not only was French gold which had gone to England purchased up, but drafts upon the reserves in the Bank of England were necessary, a proceeding which did not fail to produce serious perturbations. Luckily, these exigences were stopped, but not before the grave fact was disclosed, that the English market was at the mercy of demands of the German Imperial Government, in consequence of the claims for its new circulating medium. But there is a higher law, from which even the power of Prince Bismarck cannot escape. Just as gold flows into a country by reason of some external violent pressure, in the same proportion does it flow out of it, and this cannot be prevented, for it falls into a glutted market, and a premium attracts it elsewhere. The equilibrium of the world's market always tends to re-establish itself. Germany is not altogether quit of her embarrassments in this respect. The assumed omnipotence of force dwindles before the truly efficient power existing in the nature of things. The German Empire desired to make gold the only legal money for payment of debts. It is with difficulty that it succeeds in introducing it under circumstances which have favored it in the most unexpected manner.

Dr. Wagner's figures, in all that concerns the minting of gold marks, agree with those of Mr. Leon Say, and the learned German does not underrate the facilities afforded to France by the use of the double-standard gold and silver. Many of those who have treated monetary questions have been too much of abstractionists. They have sacrificed a more exact appreciation of the requirements of a metallic circulation to an apparently simple theoretical solution. They have too readily forgotten that the *price* of things results from the comparative relation between the existing amount of the metals and the sum (always increasing) of business transactions. Gold and silver combined have with great difficulty answered thus far to the work demanded of them. To suppress by a stroke of the pen one of these two instruments of barter, is to augment enormously the work required from the other; and we

*The author might have included a good part of the East also.—*Trans.*

have seen with what precautions, even under the most favorable circumstances, it was necessary to proceed to such a transformation as Germany has undertaken to accomplish. There is in this matter a warning which we must henceforth profit by, especially when those States at present condemned to use legal tenders shall attempt to extricate themselves from their precarious situation, and thereupon require a large amount of the precious metals.

The assistance which may be obtained from a circulating medium which does not rest upon a corresponding metallic reserve, is exceedingly limited. One knows not how to get rid of it even when the margin of security is increased. The Treasury notes (greenbacks) in certain countries cannot exceed a relatively small fraction of the budgetary operations without inflicting the saddest consequences upon the circulating medium. Germany offers in this, as in many other respects, the materials for profitable studies. She is to-day occupied in limiting instead of extending the fictitious part of her instruments of exchange. Anxiety to reduce the mass of paper moneys had much influence on the decision to use only gold coin for the future, because thus the small bank-notes could be suppressed, whilst their use was increased by heavy pieces of silver. The proposition to interdict the emission of bank-notes less than a hundred marks (125 francs) is in unison with the facilities offered by a gold coinage. A country which received more than five milliards as a payment could afford to attempt the radical transformation of its circulating medium, but this attempt would have undoubtedly failed without the aid derived from this war-payment. Dr. Wagner proves that the amount of specie actually received was vastly less than the common notion, which supposes a chimerical transfer by France of five milliards in hard cash to Germany. A large part of the metal, converted into gold marks, was bought either in England or in Germany itself, where it was very abundant. This last fact compels us to reject the figures at which Mr. Leon Say puts our supposed export of gold required for the payment of the War-Fine. After deducting from the grand total the amount paid in silver, it leaves hardly 400 millions in twenty-franc pieces. It was in bills on England and Germany that the greater part of the payment was effected, and the English market suffered more than the French market from a withdrawal of gold. As to any depreciation of the legal-tender bank-notes emitted by the Bank of France, they were but slightly touched, and that only for a short time. We cannot too often repeat it: Dr. Wagner wrongly attributes to an enormous emission by the Bank of France the resources which enabled France to free herself. We shall have occasion to show that the payment in notes was singularly limited in proportion to the bulk of the whole amount to be paid. We must examine the intelligent uses made of the resources of exchange, if we wish to correctly appreciate the relative facility with which our liberation was accomplished. As to this, Mr. Leon Say's *Report* gives us very interesting and precise information. It was in foreign bills that we paid nearly

four milliards and a quarter. To obtain them, the French Treasury had to buy not less than 5,871,807,290 francs, because it was necessary to profit by circumstances, so as to diminish the expenses by means of the transformation, from time to time, of these bills held as reserves, by exchanging them for German securities, which alone were admitted in discharge of the debt. We will not enter into the technical details of this vast operation. To understand it thoroughly, the reader must go to the *Report* of Mr. Leon Say, and to the descriptive tables which accompany it, and which will enable him to catch in a glance the variations in exchange of Paris on London from June, 1871, to September, 1873. The highest point, 26 francs 20 centimes, was touched in October, 1871. It fell rapidly to 25.80, and to 25.50. The average was below this last figure. To obtain this result, it was necessary to offer facilities to foreign subscriptions to the French Loan, and to invoke the concurrence of all the great banking houses in a prudently conducted exchange operation. Thus it was that France surmounted one of the most perilous difficulties in the payment of the War-Fine. The immense development of international transactions, and the large investments in the securities of various countries, alone give the key to the solution. It was owing to the concurrence of these forces, gathered together from the whole world, that we could pay more than five milliards to Germany without any violent disturbance in the workings of the circulating medium.

France does not seem impoverished by it, says Mr. Leon Say, and her circulating medium was almost undisturbed. Exchange never reached the great prices which had been dreaded. We have been preserved from any enormous depreciation of our legal tenders, such as has afflicted other countries under circumstances that seem far more favorable than those which have befallen us. Not only has France avoided a *monetary* crisis, but she has, better than other nations, supported the *financial* crisis.

We will not go so far as to say that those Germans who are competent to judge of this result are afflicted by it, but they are certainly surprised.

VI.

Nor have the Germans experienced a less surprise as to the economical effects of wealth suddenly gained by successful war. It looked as though these five milliards were to exercise a magical influence upon home prosperity, especially when the small proportion for the war-expenses, in comparison with the heavy amount of the War-Fine, was considered. Dr. Wagner has carefully studied the employment given to the War-Fine. He begins by establishing the exact part destined to reimburse the sacrifices made, to pay off the loans, to re-establish the material ready for service, to compensate all other economical losses. The total does not reach a milliard and a-half.

What was this exact amount? and what became of the surplus? This is the second point cleared up. The greater part was devoted to the military power, as well for arms and equipments of new models as for defensive works and means for a prompt mobilization of the army. The *War-Treasury* was re-established and augmented, the Navy increased, certain useful expenses defrayed, and lastly considerable sums divided among the members of the Confederation. The resources devoted to the campaign in France may be analyzed as follows:

		Thalers.
Advanced by the War-Treasury..................................		30,000,000
Loan of 1870—5 per cent..................................	104,369,720	
Treasury bonds, at 5 per cent., five years to run......	95,752,500	200,122,220
Bonds at short time, emission of 1870................	42,992,500	
Emission of 1871..................................	15,000,000	
Complement of the 100 millions which should cover the negotiation of the Five-year bonds..................	4,247,900	62,240,300
Advances by the Caisse de Prêts or Loans-Bank*...............		17,000,000
		309,362,520

Other small heads give 311,112,116 thalers, amongst which figure the *voluntary contributions* for the contemptible sum of 394 thalers,† less than 1,500 francs!

The first appeal to credit was introduced under such onerous conditions that, if we take into consideration the early repayment, January 1, 1873, it cost the Government 11 per cent., and this cost would have been greater had not the War Treasury covered the first disbursements.

Dr. Wagner gives us‡ a detailed table of the objects to which the War-Fine was applied. The war expenses of the Empire, including therein four millions of thalers for endowments, are put (Chapter A) at 73,132,407 thalers. Pensions paid to invalids to the close of 1872 figure at 10,089,774 thalers, besides 187 million thalers given to the Invalid Fund. Assistance to the families of soldiers in the Reserve and Landwehr is put at four million thalers; assistance to the Germans expelled from France at two million thalers; indemnification to the German navy at 5,600,000 thalers, and reparation of damages suffered at 37,700,000; so that the indemnities (Chap. B) reach a total of 246,389,774 thalers, including the endowment of the Invalid Fund as above mentioned. Chapter C comprises the expenses of re-establishing and strengthening the military power of Germany. Forty millions were paid into the War Treasury. The fortifications of Alsace and Lorraine absorb 40,550,595 thalers, and those of the Empire 72 million thalers. The navy figures for 31,949,890 thalers; the Depot of Military Maps for 235,000 thalers; the Committee on Artillery

*The *Caisse de Prêts* is a bank for making loans, and the term is, I suppose, Mr. Wolowski's translation of *Liet Bank* (I have not Dr. Wagner's book to verify this), an institution at Berlin which makes advances on securities and Treasury Bills. It is not a *Comptoir d'Escompte*, or bank, according to our use of that word. It resembles rather a Trust Company which loans on securities, but does not discount commercial paper.—*Trans.*

† Wagner, 65-66.

‡ p. 112 et. seq.

Experiments, 1,175,000 thalers. Total of Chapter C, 185,910,485 thalers. Chapter D is occupied with a capital sum of 6,270,000 thalers, set apart for the administration of the Empire. Chapter E comprises general expenses; such as funds for the Imperial cash-box, 2,000,000 thalers; customs and excises, 19,772,719 thalers; construction of the palace for the Imperial Parliament, 8,000,000 thalers. Total, 29,772,719 thalers. The productive investments on account of the Empire are indicated in Chapter F, as a total of 143,872,554 thalers, of which 86,666,667 represent the purchase of the Eastern Railroads, and 50,897,447 for expenses of repairs, construction and reconstruction of the Alsace-Lorraine roads, and, lastly, 638,440 to repair and complete the Guillaume-Luxembourg Railroad.

The excess of the War-Fine, amounting to 798,984,980 thalers, was distributed; the old North Confederation received 643,800,000; and the Southern States received 155,500,000 thalers, of which Bavaria got 91,030,000, Wurtemburg 28,760,000, Baden 24,300,000, and Southern Hesse 11,390,000.* The war expenses of North Germany, largely calculated and included in the indemnity paid to it, are put at 377,330,421 thalers. Everywhere it crops out that of the 1,484,000,000 thalers (5½ milliards) extracted by Germany from France, an important portion has been applied to augment the military stores and equipments. To borrow Dr. Wagner's words, Germany has thus benefited by "a transformation of material capital into immaterial capital."

This result justifies in the eyes of the learned Berlin Professor the enormousness of the contribution exacted. "It was," says he, "from a political point of view that this payment was imposed;

* It may be useful to reproduce here the statements given in the Almanach de Gotha for 1875, p. 342, and let the reader compare them.

RECEIPTS AND DISBURSEMENTS ON ACCOUNT OF THE FRENCH WAR-FINE.

	Receipts.		*Marks.*
1.	Paid by the city of Paris, 200,000,000 francs		160,517,595
2.	Paid by France, interest included, 5,301,191,959 francs		4,240.953,577
3.	Taxes imposed and received in France during the war		52,182,650
			4,453,653,822
	Disbursements.		
1.	War Expenses paid by Imperial Exchequer		219.397.221
	Sundry indemnities	135,900,000	
	Funds for invalids	609,209,322	
			745,109,322
3.	Re-establishment of the Army:		
	Imperial Treasury for the war	120,000,000	
	Sundry restorations	126,482,850	
	Reconstruction German forts	216,000,000	
	Increase of Navy	95,849,670	
			558,332,520
4.	Expenses of Administration	84,188,157	
	Cost of Parliament Palace	24,000,000	
			108,188,157
5.	Alsace-Lorraine Railway	260,000,000	
	Guillaume-Luxembourg Railway	171,617,661	
			431.617.661
6.	Distributed to the Confederation of the North and among the Southern States		2,391,008,943
	Total		4,453,653,822

In thalers, 1,484,551,274—*Trans.*

it is from a political point of view that it should be judged; and even if the available resources of France had failed, such would have been the result of the German intention, an intention thoroughly justified: *eine berechtigte deutsche absicht.*" We are not criticising, we are quoting; and we confine ourselves to translating faithfully the expression of the German purpose.

VII.

We have thus succinctly given the figures which permit us to comprehend with a glance the various purposes to which the War-Fine was applied. Dazed by the colossal amount of the sums she received, Germany believed that in them she had found Wealth. She also thought that she had discovered a remedy for the economical distemper which hindered her productive development. Even when the material fruits of victory are not absorbed chiefly in unproductive expenses of new armaments and bounties bestowed, there are certain laws of distribution which forbid a violent displacement of the elements of wealth from producing the same happy results as are wrought by the more tardy conquests of labor. Without wishing to compare the actual condition of Germany with that of Spain when the gold of Peru seemed to have yielded her prodigious riches, we must not forget that the precious metals merely slip through the fingers of the conqueror who knows not how to convert them into elements of labor.

Gold and silver exercise in social economy quite a different influence from that attributed to them by the common prejudice. Their value is not in their accumulation, but in the relations which are established between them and the whole production, and the transactions to which they serve as a common measure and as means of barter. In former times it was permitted to boast of seizing by arms what one disdained to gain by labor. Other ideas prevail nowadays. We are more inclined to work than to fight; better prepared for peace which fertilizes, than for war which destroys and sweeps away riches already garnered.

The past few years have permitted the study in living facts of consequences which might have been contemned if they had been taught as merely theoretical deductions. The spectacle offered by France and Germany, in the midst of the griefs which attend it, should serve to prove and affirm this consoling truth, that political economy cannot be separated from moral ideas. The sword does not cut alone the questions of production and wealth, and the most precious spoils suddenly transported from one country into another, feed its pride rather than its creative power.

It would be mere exaggeration to pretend that the speedy payment of five milliards and a-half by France to Germany has not diminished the wealth of the former and augmented that of the latter. But the calamities caused by war are soon repaired when the source from which flows the annual revenue of nations is not exhausted, while a sudden increase of riches is far from profiting

proportionally to the mass levied in comparison with the steady requisitions of daily labor. It is with States as with individuals; the bloody games of force rarely succeed better than games of chance.

The component parts of the economical mechanism of our social system are so closely interlocked that they can not be deranged without perilous shocks. Time, it is said, respects nothing which it originates, and the action of time always fills a great part in human affairs. It is not everything to become on a sudden the master of vast disposable capital; one should be prepared to employ it, and also to avert the dangerous consequences attendant upon every hasty disturbance in the equilibrium of wealth.

Only by old dogmas, henceforth proscribed by the process of science and civilization, can be upheld the notion that the payment of five milliards and a-half must be the cause of hopeless ruin to the vanquished and of permanent abundance to the victor. The natural progress and dimensions of the wealth of nations are better understood to-day. Five milliards and a-half! The figure is enormous, but it answers merely to the fourth part of the yearly revenue of our people, and to the third of that procured every year by the productive forces of Germany. Add also, that, thanks to the power of credit, such a payment is distributed over a considerable number of years, to be removed by installments successively paid by taxation. This load is onerous, one which will for a long period come home to the country, which we must continue to feel after having adjusted our accounts with the foreigner, for the debt we contracted will exist in another shape. But liberation by payment of lump-sums, which would have encountered insurmountable obstacles at epochs not very remote from our own, was thus accomplished without the sufferings thereby caused being manifested to the full extent of the sacrifices undergone. Herein is the explanation why France, which lost a considerable part of its foreign investments, and which must submit to a serious addition to its taxes, does not seem as much impoverished as if she had witnessed the disappearance in the same proportion of her productive capital.

On the other hand, Germany, which received immense sums, could only employ them in the long run, beholding them in the meanwhile converted to uses which in no respect contributed to her material prosperity.

The war paid for itself, according to the ancient maxim, more than surpassed in this instance; it has also replenished the reserves and armaments of all kinds intended to fortify the military strength of Germany; but the portion used in increasing her economical power was limited. The German Empire profited by the French War-payment to avoid new taxes at the beginning. It did not succeed in lessening those already existing. From this year it is compelled to resort to new taxes in order to preserve the equilibrium of its budget. Thus, it was less enriched than we had been led to expect.

Nor is this all. The favorable effects diminish, after an exact examination from a politico-economic stand-point, whilst the injurious consequences quite balance them in virtue of the natural laws of exchange and circulation. In regard to this we shall endeavor to present a statement of the profits really obtained and the mischiefs suffered.

VIII.

The most important benefit to Germany, as Mr. Söetbeer shows, was, that she was thereby enabled to pursue her work of converting her circulating medium from silver into gold. We are not amongst those who extol the benefits of this change, rendered possible only by the successes of the war. Nearly a milliard of French gold, not all, however, exported by us, was used in the coinage of *marks of the Empire.* The solidity of the metallic currency is increased, which is a serious gain, much greater and less open to question than that of confining to one metal the faculty of effecting legal payments. Whether the instrument of a circulating medium be gold or silver, the important matter is to have them in quantities sufficient to establish solidly the metallic mechanism. Germany has constructed hers at a heavy price. She could afford the luxury, and she has the machine which saves the greatest amount of time and trouble. Dr. Wagner dwells upon the advantages obtained by the Empire in having the more potent metallic mechanism. But this mechanism, formed entirely of gold, is more costly. It has neither the elasticity nor the regularity of a joint use of silver and gold, and Dr. Wagner has not underrated the service which the double lawful money rendered to France, especially during the late complications. He characterizes its influential assistance to us as *Einfluss der Doppelwährung*, the influence of twofold moneys.

More gold than silver must be employed, for the complement furnished by small notes less than 125 francs (100 marks) will disappear the moment that sort of paper money, employed almost exclusively in transactions of the home markets, is withdrawn from circulation. Germany drew from the war-contribution the means of executing a daring resolve, which, without that assistance, would have put upon her an intolerable yoke. Had not the Empire pocketed our War-Fine, how could it have kept stagnant *during the period of coinage* such a capital, which it still keeps in hand?—for she was then in dread of seeing exported a large part of this new capital, of which the raw material was composed of our 20-franc pieces, of fréderics, of gold crowns, of English sovereigns, and of ingots.

As to the *politico-economic utility* of this metallic transformation, it remains, to say the least, doubtful, for the German market begins to feel a more decided influence exercised on the fluctuations and rise in discount by the exclusive use of gold as the circulating

medium.* That most tenacious partisan of gold-money, Mr. Söetbeer,† admits "that the monetary reform, for which he has personally labored so actively, would have been scarcely practicable without the unhoped-for assistance of the pecuniary fine inflicted on France. This reform would be still in its early experiences. Without the proceeds of successful war, we could have neither procured the raw material nor borne the expenses. Legislation would have been driven, even under the most auspicious circumstances, to the necessity of maintaining the double standard for lawful money."

This avowal deserves to be noted, whilst the love of system is endeavoring to launch us in the perilous experiment of demonetizing silver. Mr. Söetbeer himself recognizes that the prospect of a resumption of specie payments does not permit us to think seriously of essaying a radical reform, which, after all, rests upon a theory by no means thoroughly tested in experience. And this learned writer has, in another passage,‡ exposed what a precious resource in the payment of the War-Fine we possessed in the use of both metals as lawful money.

If to this monetary reform we add the acquisition and extension of the Alsace-Lorraine railways, and the improvements of the Guillaume-Luxembourg, we have quite fairly stated the account of the real productiveness to Germany of its conquest. It makes rather a poor return, and does not greatly augment the permanent receipts of the Empire.

IX.

Let us now examine another application of the War-Fine acquired by Germany, in regard to which we accept only partially the opinions of Dr. Wagner.

We think, with him, that the appreciation of the differences between the import and export of products, from the point of view of the old balance of trade, is erroneous. Without dwelling upon the influence exercised nowadays in the settlement of international business by a new element, the *security* (titre), it has been remarked for some time past, that if the Custom-House tables were more exactly made up, the imports should always exceed the exports, for the former arrive always in the country charged with expenses of transport and insurance, which the latter must add to their cost before being exchanged, products against products, in the foreign markets. Add also the profits of the merchant and ship-owner, and also an element which existed, but of which the importance is greatly increased in our day, the dividends and interests received from investments made abroad.

The customs returns, therefore, give no longer an accurate idea of commercial relations. When they announce to us an excess of

* As these pages are passing through the press, April 2, we have the London telegram of yesterday that a "financial crisis was feared at Berlin. Twenty-eight failures and two suicides from financial reverses. Settlements effected with great difficulty."—*Trans.*

† Söetbeer, 28–29 ‡ Söetbeer, 14–16.

exports over imports, we are not to congratulate ourselves on it, unless we know that a notable part of these products sent abroad are converted into investments, or decidedly influence the return of the precious metals to us for them. It is in this fashion that we explain our excess of exports of 510 millions in 1872 and 1873. This excess paved the way for the enormous surplus of gold and silver, which, after deducting the consignments of those metals to foreign countries, figured for the first ten months of 1874 at 700 millions. These 700 millions enabled us to reconstitute our metallic stock. But it was not from this quarter that we obtained our means of liberation. From 1827 to 1873 the excess of our exports of merchandise was 3,597 millions, and the excess of our import of specie was 6,192 millions. If, as was the case fifty years ago, there were no other international transactions than those which terminated in a settlement in goods and the purchase of specie, this favorable balance of gold and silver would by no means suffice to satisfy us. We much prefer the situation of England, which presents an incomprehensible phenomenon to the eyes of the partisans of the mercantile doctrine. In fact, the excess of imports was for fifteen years, 1847–1873, about 800 million pounds sterling, or 20 milliards of francs, which gives an average of more than 1,300 millions a year. In 1834 the excess of imports was, for that year, 24 million pounds (600 million francs), whilst in 1873 it rose to 60 million pounds (1 milliard and a-half of francs), and England, instead of being ruined, is vastly enriched.

Up to this point we agree with Dr. Wagner in the idea which he upholds, but we cannot help regarding as premature his exultation over the rapid expansion of the merchandise imported into Germany. The traffic of Germany with England has grown from four million pounds (100 million francs) to 10 million pounds (250 million francs), and it is not instruments of labor which make good the difference, but objects of consumption. This means two things —a larger life and an increased cost of existence, thanks to the War-Fine! Dr. Wagner rejoices in it! He is delighted to have the Germans live more freely after having fasted for ages. But these new and lavish ways do not meet with a like approval from another economist, Mr. Söetbeer. This gentleman perfectly understands that the frugality of the French is one of the chief sources of our prosperity. It advances, escorted by the spirit of foresight and thrift, whilst the other loses ground in Germany.

Moreover, this suddenly increased influx of foreign productions clearly shows a great rise in prices in the German markets, and this rise is due to an augmented demand, a demand aroused by the milliards of the War-Fine, and not altogether unaffected by the decline in the purchasing power of the metals. When this influx does not represent the counterpart of results of labor, and is only derived from a sudden displacement, we may do our best, but it cannot find channels of circulation prepared to receive it, and must produce a plethora which causes a forced exportation of

gold.* There is no other way of keeping it at home except "tightening the screws of discount"—that is to say, in raising the rates at which capital is loaned. Germany has imported much more than she has exported, because she could pay more, but she has also had to face dearer prices for everything. Although she has not as yet to impose new taxes, nevertheless this rise in prices has exercised the same pressure upon the population. The war-expenses, it is true, have been cast upon us, but we must not forget the disturbance created in all the German industries by the departure of the army of invasion, drawn chiefly from the fields and workshops. German labor could not escape without injury, and the new conditions through which it is passing do not seem of a nature to restore its prosperity.

X.

Dr. Wagner dilates with much complacency on the advantages which he discovers in the new distribution of riches among the peoples, and among the divers fractions of the population. Nevertheless, the natural laws of political economy are not to be violated with impunity. They never fail to punish an infraction to which they have been subjected. This revolution has been accomplished to the benefit of the laboring classes, says Dr. Wagner, and he invokes as a proof the general rise in wages. He does not sufficiently consider the greater dearness which offsets the nominal increase in the pay of workmen. He omits also to point out the effects of a displacement of population, of which more and more are attracted to the cities. High rents have become a genuine public calamity in Germany, much amplified by the secondary effects of the triumph achieved and the ransom garnered. Admit that the rise in wages exceeds the rise in prices, and that a profit is left to the workman, yet it does not do to concentrate our attention on the merely material side of these questions. To form a solid and complete judgment, we must also study them in their moral bearings.

How have the workmen used this relative elevation of wages? Has it been in feeding ephemeral desires and perilous seductions? or in permanently improving their condition to their own advantage and that of their country? The dangers of the semblance of wealth suddenly acquired are not less for nations than for individuals. Let us leave the vulgar to swagger over booty, but for ourselves never forget that morality is always in harmony with the truest development of strength, that which is derived from greater labor and persistent, steady thrift. It is not sufficient for man that he has the power to spend more freely what he gains. He must also be prepared to do so.

Nor is it enough to say as Dr. Wagner: "We have bought more and lived better." Have there been an increase of produc-

* In September, 1871, the French 20-franc piece yielded at Munich no more than 9 florins 12 kreutzers, instead of 20 kreutzers. Before the war it was generally taken in the shops at 9.30.—*Trans.*

tions and an increase of popular savings? This is the question. Before the war, Schultze-Delitsche directed his efforts in this sense; but the Socialist preachers do not so understand progress. They call aloud to the workmen, "save not, enjoy yourselves."* Therein lies the danger. Higher wages unhappily induce a relative prodigality. The anxiety for the future lessens; the springs of action relax. We are surprised at the easy-going way in which an Economist lends himself to this sad business, in thus lauding the compensation which he fancies acquits the hardships of the past by the comforts of the present. He has yielded too much to the material aspect of the question. It is not in this way that nations become great. Likewise, we should not exalt the alleged advantages of a new distribution of wealth among the peoples, when by this unexpected displacement a plethora of floating capital is created. The rich and middle classes in Germany have gained nothing thereby. They have been doubly affected, both by the rise in prices and the temptation to offset it by means of some quick profit gained by a clever stroke. Mr. Bamberger and Mr. Söetbeer are of one mind as to these mischiefs which were inseparable from a prompt realization of the French ransom.

At first Germany feared that this rich recompense of victory might escape her. She doubted the liquidation of such a vast indebtedness, and hurried the periods of payment. It would have been better policy not to have hastened matters so much. The interest of France was otherwise. She moved with as much vigor as skill, for her end was the prompt liberation of her territory. The truly able men of Germany deplored the expeditious payment of the installments. They would have preferred that, after the new Empire had received a considerable sum, it should disengage the question of ulterior payments from that of the evacuation, and thus to permit the investment of such a great capital in a less precipitate fashion. The war loans were reimbursed unawares, and thus those who were repaid their disposable capital were compelled to reinvest again, a matter which they had not altogether fully considered. All those who lived upon a settled income or a fixed salary found themselves more or less hampered in consequence of the general rise in prices, a rise which disturbed the equilibrium between receipts and expenses in numberless households. The temptation to seek greater profits became more urgent. An impulse was given to rash undertakings. The intoxication of the successes obtained contributed likewise to launch many minds in this direction. It was shocking to witness the excessive jobbing, fruit of unbridled speculation, of *over-speculation*.

Herein the source of that immense movement which spread throughout all Germany, and of which Austria experienced the revulsion. The *crash* at Vienna was contemporaneous with the embarrassments at Berlin and in the other money markets of the

* One of the most singular discourses it was ever my chance to hear was from a Communard orator in a Belleville club. It was an amplification and parody of Doddridge's epigram on his family arms, a writer and a subject of which the speaker had probably never heard.—*Trans.*

German Empire. In the midst of the unhoped-for abundance a dearth of resources was suddenly felt, and people wrote from Berlin: "What an extraordinary thing! We are exposed to a downright distress, as if it had been we who paid the five milliards instead of receiving them!" It was because the operations in progress were by no means on such an immense scale as to employ the capital destined to such enterprises. The Germans believed that they could conquer in the money-market as easily as in the battle-field. They paid dearly for their delusion.

This swift transfer of capital, snatched from France, created an absolute deception. The resources were thought to be inexhaustible, whilst those which are the results of regular labor, which unceasingly renew themselves, are alone certain and life-giving. Moreover, as we have already remarked, according to Dr. Wagner, who blazons the fact with pride, the War-Fine, after having been used to dispense with new taxes, was religiously devoted to strengthening the military and political power by sacrificing that *material capital* to this *immaterial capital.* As to the different classes of the German population—workmen, tradesmen, salaried officers, people with fixed incomes—they have profited little by it, even when they have not been put to losses caused by inconsiderate investments or changes in their modes of life. "Do not heed those," says Franklin, "who pretend that you can grow rich except by labor and economy." This advice is as good for nations as for individuals.

Nothing appears to us more wholesome or more consoling, than this striking confirmation of the teachings of political economy as the result of the greatest financial experiment which the world has ever beheld. Henceforth, we trust, the nature and causes of the wealth of nations will be more generally understood. The experience of the last few years is but the practical application of the truths expounded in the great book of Adam Smith.

Cash is not capital. It forms but a small fraction of capital, more and more diminished as civilization is more developed, and a country is advanced in the way to genuine affluence and accumulated riches.* A rich country always has specie enough to do the work of a solid circulating medium. If it meets with a loss of the metals, it soon repairs the deficiency, and the equilibrium is re-established without any artificial efforts.

The opposite principle to this is not less thoroughly demonstrated. A superabundance of the precious metals, far from benefiting, is detrimental, for it produces a general rise in prices and provokes a necessary efflux of the superfluity. "France will be hopelessly ruined by the payment of five milliards and a-half, for the stock of specie does not exceed that sum! Germany will go ahead of all other States; for, after receiving the War-Fine, she will have in hand a greater mass of gold than they do!" Such

* See *Principes de la Science Sociale*, par Henry C. Carey. Paris, 1861. i. 175, etc. See also Social Science, by Robert E. Thompson. Philadelphia, 1875, p. 158.

was the cry of joy and alarm which sounded on all sides, propagated by the persistence of ancient prejudices.

These anticipations have been disappointed in both ways. Five milliards and a-half of ransom do not mean five milliards and a-half paid in specie. France liberated herself in appearance, if not in reality, without having to disburse temporarily the sixth part of that sum in hard money, and she promptly regained the part thus sent abroad. On the other hand, if these milliards in gold had come to hand in all their plenitude, what could Germany have done with them? To use them as a circulating medium, it would have been necessary that production and exchanges should have been tripled. The general market of the world would have been completely upset by keeping them as dead treasure, and so creating an artificial void. Besides which, the first principle of good political finance would have been violated, which consists in making all securities productive. Capital, well employed, should be an incentive to labor, and should stimulate the creation of new wealths, at the same time that it is recompensed by a fraction of this general increase in riches.

But Germany was not ready either for such an excessive extension of the circulating medium or for the home use of such a vast capital. It is not to be denied, that the insatiable demands of the new armaments simplified to a great degree the problem by absorbing huge sums. What was over was needed for rapidly increased expenses, the consumption of foreign products, the transformation of the metallic machinery in substituting gold for silver, and the consequences of a general rise of prices. The remainder was applied to the repayment of the debts incurred for the war preparations. This repayment furnished fuel for an excessive and disorderly speculation, and tempted to rash undertakings.

As to the taxes. No serious alleviation has been attempted, and even the hope of avoiding an increase has proved false. At the moment of penning these lines the German Parliament is occupied in finding indispensable budgetary resources. Germany has been substituted, but for a sum which it is needless to exaggerate, in the place of France, to the benefit of certain dividends derived from investments in foreign funds. Those countries which were in this fashion our tributaries, have become, for what we have alienated, the tributaries of Germany; but the revenue thus yielded bears but a small proportion to our whole national income.

As to our recent emissions of *Rentes*. They have obeyed the law of which we have before spoken, and nearly the whole of them have returned to the country of their origin. Our resources, raised by taxes to meet the payment of our interest money, are thus made to furnish an income to our fellow-citizens. Dr. Wagner notes this fact as a new element of trouble as to the distribution

* It would do no harm if the people at Washington would consider these observations in connection with our Sinking Fund and the present condition of the Gold and Labor markets.—*Trans.*

of wealth among the different portions of the French people. The increase of taxation contributes, he thinks, to enrich the rich and impoverish the poor; and he bodes ill from it for the future of our social peace. Here, likewise, his opinions repose upon incomplete data, but we should not fail to profit by the wholesome warning. What is true is, that we should endeavor to avoid adding to the mass of taxation, and show ourselves less impatient for a prompt extinction of the public debt, and thereby a weakening of our most solid support, a prosperous productiveness.* Nothing is more delicate than this matter of redeeming a *Rente*. It is not with States as with individuals, and we should not blindly act on the maxim, "Who pays his debts, enriches himself." The application of this dictum is true in so far only as the sources of future wealth are not exhausted.

We are told: "Your liquidation was only apparent. It looks well enough on paper, but you must measure things in their truth. You did not pay in hard money, but by a mass of different sorts of indebtedness which are not wiped out by being transformed." We admit the correctness of these assertions. Nevertheless we do not find in them a subject for bitter complaint, nor a motive for exaggerated apprehensions, when we consider the painful situation in which we were placed.

The German economists have shown a healthy appreciation of the situation, when they say that the creditor has profited less than the debtor has suffered. Mr. Louis Bamberger, a deputy to the *Reichstag* at Berlin, says, very justly,* that the politico-economic law which prevented Germany from enriching herself too rapidly, equally protected France from a too speedy diminution of her wealth. It is true, that the liquidation of our War-Fine has been in a great measure only apparent. Such a colossal operation requires more time for its execution, and the transfer of resources must be accomplished little by little to avoid new evils. If the payment was in fact for its larger part only supposititious in this sense, that it leaves a future burthen, which to-day merely figures on paper but which must be met hereafter, instead of an immediate transfer of active capital, is it not clear that the effect was to better our situation? We do not in the least risk deluding ourselves about the losses we have met with because we did not pay on presentation of the bill for our warlike fooleries, but shared their cost with generations to come. No. No such delusion is possible. Alsace and Lorraine are there to forbid our forgetting too easily the past. But in profiting by the credit justly enjoyed, because of the fidelity with which France has fulfilled her engagements, we obtain a delay necessary to avoid impairing our productive forces. Hence the result, that the debtor seems less embarrassed to meet its obligations than the creditor to find profitable uses for the ransom-money thus obtained.

The transmission of credit values and bills of exchange have wonderfully diminished the shock. It enlarged the limits within

* Die fünf milliarden, 16.

which a void in the circulating medium would have occurred on the one side, whilst an excess would have raged on the other. The mechanism of the circulating medium obeys to-day throughout the world a law of inexorable solidarity, not unlike that taught us by the phenomenon of the circulation of the blood. When there is too great an accumulation of the vital fluid somewhere, there is danger; the extremities suffer; and we must apply ourselves to combating these great dangers by effecting a transfusion of it. So were we required to manage as to also allow hard money to continue its office in the different money markets whilst awaiting the payments of the installments. Our Treasury provided for it perfectly by organizing abroad reserves of funds, the proceeds of the payments on account of the Loan, and in investing these funds to await the successive epochs of the liquidation of the debt. Not only did we not lose the interest on considerable amounts, but, what is more important, by keeping them occupied in business we contributed toward maintaining the regular action of the wheel-works of production. In facilitating the subscription to the Loan in foreign lands, and in combining with this guaranty of the subscription our operations of exchange, we prepared abundant elements for our settlement, without causing any serious disturbance in the general market. By these different proceedings, the resources of the portfolio of exchange were increased, a natural result of international operations.

When Mr. Léon Say tells us that the theory of this vast transaction—the transfer of such a mass of securities from one country to another, in such a short space of time, without a serious crisis—is, in a measure, beyond his reach, he is too modest, for he has shown us in his *Report* how this mutation was accomplished. He has made it readable in the character of those business transactions which supplied the bulk of the bills of exchange. In this enormous pile of 120 millions of multiform values, all kinds meet, all kinds are seethed together; sales of merchandise, bank-credits, debts collected in the form of coupons, profits in the purchases of foreign rentes, shares and bonds, and, we may not deny it, the negotiations without collaterals and the impetus of a compulsory circulation, considerable in amount but fortunately limited as to time. It is thus that what seemed impossible was realized, and the new power of Credit and Exchange was prodigiously shown in aiding us to escape from an apparently desperate situation.

Let us beware of despising or forgetting the true lessons taught by this great political and financial complication. They enforce the wholesome doctrines of Political Economy. They demonstrate the triumphant strength of labor, of thrift, of a solid mechanism in the circulating medium. There, and there only, are to be found the genuine sources of national prosperity, and it is good as well as healthful to learn, also, that it is not so easy to enrich ourselves by despoiling our neighbor.

BANK RESERVES.

BY JOHN B. HOWE.

Banking reserve is the great question of the day for bankers and depositors as well, although to those who agree with Mr. Bonamy Price, the leading authority in favor of light reserves, it may seem unimportant, or at least subordinate.

But I believe the question to be a very important one, especially to the United States and England.

Considered by itself, it is perhaps unimportant whether banker A, in the midst of a crisis, has a large or small reserve of coin, if he has the best line of discounts the market affords; and it is immaterial, considered by itself, whether the Bank of England gains or loses a million or more of gold, so far as the gold is wanted by its customers, either to keep or to circulate. Mr Price affirms, and with truth, that there is and can be no such thing as inflation of a currency, and consequently there can be none of deposits. The true reason of this is, that the average of prices must rise or fall with the average volume of currency, and under a specie standard, deposits, that is to say, funds on deposit, always must be equal to gold, and if any bank notes are not so, the difference is shown in depreciation. Demonstration of this truth is afforded by the fact that a dollar deposited in bank and a one-dollar bank-note have an equal purchasing power with a dollar in gold. Whether and how far general prices, or prices throughout the commercial world, are higher in consequence of bank-notes and bank deposits being employed instead of gold and silver, is entirely another question.

The grand fallacy of Mr. Price consists, I think, in the view he takes of banking.

He affirms that a bank does not deal in money at all. I affirm, on the contrary, that it deals in nothing else. From his premises he argues logically that the amount of a reserve is a subordinate and comparatively unimportant question, and that to keep a large reserve is an extravagant waste of capital. As part of his proof, he cites the fact—which for the purposes of the argument I am willing to assume as a law—that out of payments equaling £19,000,000, the cash payments were one part in thirty-three, and coin only one-half of one per cent. Hence his inference, which I deem unwarranted, that as to thirty-two out of the thirty-three parts, the bank is an "institution for the transfer of debts." This undoubtedly is one *result* of banking transactions. After the clearing, the volume of deposits in a bank may continue the same, or be greater or less than before, and in each case there is a change in the credits of its depositors, and new depositors may appear on the books.

All this, however, has been effected not *by*, but *through* checks. The check is only an instrument; the means and not the end. The wind raises the kite, not the kite the wind. A bank is something more than a broker's office, and the mistake in supposing it to be a broker's office, lies in assuming the process to be the result, ignoring the result altogether. The process is not the payment by a check, but transferring, through the instrumentality of a check, a certain amount of money, being, or assumed to be, in the hands of a banker. It is nothing to the purpose of showing the function of a banker to be that of a broker in such cases, that he has not cash enough on hand to pay all demands at the same time. The transfer is deemed and taken to be, and therefore operates like the payment of so much coin, and is labor-saving machinery, by which the handling of the coin is rendered unnecessary. The amount thus transferred in bank is a substitute for so much coin in the hands of the holder, and an auxiliary to the circulation. A bank deals in money and in nothing else, because the thirty-two out of thirty-three parts of its payments and receipts are deemed and taken as money, and the results are the same as they would be if in all cases coin were paid out and deposited—receipts and payments nearly balancing each other. This credit in bank has the same purchasing power as gold, and is as difficult to obtain under any sound system of banking. The only brokerage in this is that of paying debts for third parties, by receiving and paying their money. The banker says to the parties: Employ me to receive and pay your money, and I will, if your credit is good, and the paper sound, occasionally discount your note or bill, if you require it; and in carrying out this pledge, expressed or implied, lies much of the danger of banking.

An increase of bills and notes arising out of legitimate trade does not necessarily imply an increase of deposits, because sales equal purchases, and there is no "carrying" for speculative purposes. Deposits may be unduly increased, or the reserve depleted, by accommodations to parties to enable them to buy or hold produce, manufactured goods, real estate or stocks for higher prices, which, if continued, ends only in a commercial or banking crisis. But in all these cases the bank deals only in money, and if the financial, the commercial, and the scientific world has been heretofore laboring under a delusion in so supposing, it is strange indeed. The progress from simple to more complex methods in the moral as well as the material world, is by gradual changes, involving no contradiction. If a bank has not gold enough to pay all liabilities, there is enough outside in the hands of the community to cover any deficiency, and if not, then so much greater are the risks of banking. But it is said, that in a crisis gold is not wanted, and that Bank of England notes are preferred to gold, and that even a good reserve is no adequate protection to a banker in a crisis. Be it so. A good reserve is not needed merely to supply the demands of customers who want to draw more or less gold out of the bank. To be of use, it should be required rigorously

in all banks, and the difficulty of carrying out a regulation to this effect, is a strong argument in favor of one large controlling bank, and if that is out of the question, of a large consolidated reserve for all the banks, in the chief commercial center. The amount of such a reserve and its conservative effects will be discussed hereafter, but this amount, whether comparatively large or small, has, logically, no direct relation to Mr. Price's question: What is a bank, and in what does it deal? and his answer to that question, affirming that a bank does not deal in money, but, as a broker, in credit. Before discussing the question as to the amount of reserve, it may be necessary to say something more upon the main question of Mr. Price, which in other words is: What is the nature of deposits so called, or funds in bank? The discussion of this question involves every financial question of the day, and its vast importance is shown by the inference Mr. Price draws from his premises—that the question of large or small reserve has nothing to do with sound banking, and that low reserves, on the whole, are most desirable, because most economical.

A synthesis, followed by an analysis of "deposits," is requisite to show the necessity of a banking reserve, and the principles to be adhered to in maintaining it.

Under a metallic currency, and before the introduction of paper money or banks, all the coin in any given country may be considered as composed of a series of reserves, from the largest in the strong boxes of capitalists and merchants to the smallest in the pockets of laborers. There being little inclination to borrow, and as little to lend, the annual gains are laid by in gold and silver; they are not strictly hoards, because the owners are only waiting for an occasion to use them, by buying or improving land, building houses and manufactories, and perhaps investing in Government loans. This habit descends, and remains permanent, or decreases, according to circumstances. Viewing such a country, and being unable to assign any definite limit to this habit of retiring coin from the usual channels of circulation, and leaving out of consideration other important facts, one might be almost induced to believe that, after all, there was a great deal of truth in the old Mercantile Theory; and he would then be as little out of the way as some theorists of the present day, who go to the very opposite extreme, and either insist that gold and silver may be entirely dispensed with or that 97 per cent of it may be retired; the remaining three per cent being an adequate banking reserve. In such a country, with a metallic currency, a monetary crisis would be brought on if all or a large part of the people were to suddenly change this habit without an apparent cause; but this would be as little likely to occur as the discovery of a hundred millions or more of buried treasure. This habit, therefore, may be regarded as a permanent element, or one that will change slowly, while estimating the effects likely to be produced by an increase in the quantity of gold and silver, and the number and capital of banks, whether of issue or

discount, throughout the commercial world. In such a country a commercial or monetary crisis would sooner or later occur, if a large sum in coin or foreign capital were introduced by means of a foreign loan, or a treaty, and the crisis would be simply the end of an ascending scale of prices, which had tempted people to make speculative investments, and the beginning of a descending scale. If very large sums had been invested in undertakings not productive, the result might entail a loss exceeding all the gain arising from the foreign capital. There would be, however, no mercantile failures arising from an inability to continue payments, and no bank suspensions.

But how is the circulation of the gold and silver in this country carried on? Substantially as the circulation of what we call money in the United States is carried on. Before harvest-time the grain dealers deplete their coin reserves and replenish the coin reserves of other merchants who have bills of exchange for sale, or remit it to their agents or factors, whose reserves are thus replenished, only to replenish those of the farmers, who sooner or later empty their own pockets to replenish again the reserves of the retailers; and these again deplete their own reserves by remittances of gold or bills, to fill those of the merchants, by whom it is distributed to manufacturers, and thence to their workmen, continuing its course until at last it is carried back into the reserves of the grain merchants. So far as bills of exchange are used, they are merely the instruments by which a clearing is effected, and the transportation of coin saved, as in the clearing-houses of city banks. What is called the circulation of coin, then, is an endless series of depletions and repletions of reserves, whether great or small, and the "clearing process" is, simply allowing a given sum of coin to remain in a reserve, where, by a series of coin exchanges, it would be continually returning. There is no economizing of coin as to quantity, but only as to transit. Now, if any change takes place in the monetary condition, it will be to a paper currency, as in the commercial city of Amsterdam. The placing of a large number of private reserves together under the name of a bank to be managed by the banker for his profit, and the convenience of the depositors who deplete all their small reserves to form a large one, is too complex a proceeding to follow at once upon a coin system. Paper money comes first, and if people have confidence in it, and it has a purchasing power equal to gold, it will up to a certain point continue on a par with coin, whether convertible into coin by redemption or not. It retires coin, and may very properly be called its representative, because as far as coin is retired paper takes its place, and when paper is retired coin returns. It is not a substitute for coin precisely, because people will not place it in reserve, to be kept like coin, where coin can be had. This capacity of retiring coin possessed by paper money is an important fact in monetary science, which has not been sufficiently studied. An essay, which embraced this topic among others, was composed by the writer two years since, but not printed. The views then expressed have been sus-

tained by the recent example of France; but there is one very important topic which M. Victor Bonnet, in his "Example of France," does not refer to, and it has perhaps been overlooked by him as well as M. Leon Say in his report, and by other French writers. It is, whether general prices have risen, and how much, if at all, under these several issues of paper money? That paper money and gold may not only be on a par—even when the former is redeemable with the latter—and at the same time, both occasionally, and for a longer or shorter time, may possess less purchasing power than gold under normal conditions, is proved every time gold leaves the Bank of England, and it is proved clearly by our condition in 1837 and 1857, in the United States; and for stronger reasons it ought to be so under an inconvertible currency. How it has been or how it is in France is an interesting inquiry. Paper money if not in excess, and without banks of deposit, can be sustained with a small reserve, especially if kept in amounts always furnishing precisely the same ratio with the volume of paper; for it will then vary precisely as coin varies. The whole must vary as its several parts, and if one-quarter of it varies as gold, the whole must in like manner. Invariability, then, in the ratio of gold to paper is vastly more important than quantity. An invariable ratio of 15 per cent. for the National Bank circulation is, as affirmed by the writer in an essay published two years since, vastly better for them and the note holders than a reserve varying continually between 25 and 33 per cent. But it is time to proceed to the subject of "Deposits."

The next step in our synthetical process is the beginning of the great and complex system of bank deposits. It begins simply by the act of a money lender, who, being in the habit of loaning money and selling bills of exchange, receives the money of other people to keep until they have occasion to invest it, which, perhaps, they will be able to do sooner than otherwise through the aid of the money lender. The custom grows until it reaches grand proportions—large enough to cover all the reserves of the trading and even professional classes.

These various reserves are the reserves of coin before mentioned, or the bank-notes which took their place. The check comes into use, and performs the office, in substance, of the bill of exchange. It is the bill of exchange localized. It is not currency or money in any sense whatever. Were it to go into general circulation, it would be money. But it does not. It merely authorizes the transfer or payment of the amount named on its face, out of the reserve of the drawer to that of the payee or his order; and so long as the banker has the money, the drawer has the same amount of reserve as he had when he kept it in his own hands, although the banker has loaned out three-fourths of the money. If there is but one bank no clearing is necessary; if more, it will be; but there is the same use of money in the one case as the other. Now the true scientific view of the matter is, that the banker has no re-

serve at all. His depositors have reserves, a part of which he, with their implied consent, has used; but nevertheless he will be able to meet the call of any one who presents himself. He is the mere depositary, the keeper of the reserves of other people, and the gold or bank-notes in his safe is a part of their reserves, to be used, first, upon their call by check, and secondly, for discount to the extent of any excess above a fixed rate of reserve. But again, the banker is also to be considered, as he is, the debtor of his depositors; the amounts he owes them, as shown by his books and their own, and transferred daily by checks which become vouchers, are precisely equivalent to the same amount in bank-notes, because they have the same purchasing power, the only essential difference being that the latter appear in the shape of handsomely engraved pieces of paper, and the former in book entry. In this point of view the banker may be considered as having issued currency to his depositors equivalent to an equal amount of bank-notes, keeping a reserve as he does for his bank-notes. In the former case "deposits" may be considered as an auxiliary to the circulation of money, by which a smaller is made to answer all the purposes of a larger sum, because its total purchasing power is the same; and this is the rigorously correct scientific view: in the latter it may be considered as a substitute for so much in bank-notes. He who looks at deposits from only one point of view fails to comprehend them. But to render the subject of deposits more complex still, another element appears in the shape of credit on bank books following discount, where no coin or bank-notes are drawn by the customer. This is also a loan out of the reserve directly or indirectly.

The whole commercial world may be considered as one country, composed of many provinces,—its money, with some exceptions, being gold and silver. The total of the latter is subject to causes of variation, one of which, in proportion to the mass, is too small to produce any appreciable effects—and that is the variation in the demand for articles into the manufacture of which gold and silver enter; and the other has been in the direction of increase for the last twenty-five years, through the increased production of gold and silver. But duly estimating the moral element, the capacity for retiring gold, the increase of average wants, and the consequent increase of commerce and its extension to new countries, and the enormous increase of productive property or capital corresponding thereto, and it is difficult to form an opinion, whether on the whole there has been a general increase in prices of those leading commodities which, for a long time past, have been in common use. Certain it is, however, that there has been and still is a strong tendency to raise the scale of expenditure by an increased use of the old standard commodities, and many new ones; and all this comes from the increase of capital or wealth. If, however, there has been any decrease in the purchasing power of gold and silver, by reason of an increase disproportionate to the increase of wealth, the decrease has in its process formed so small a ratio with the total purchasing power of gold and silver as to produce annually in

the commercial world but little change, except a local and temporary one in mining countries. Moreover there is now, as compared with the period of 1850—twenty-five years ago—an equalization of prices, effected by railroads and steamships, and a large increase of population. It is an axiom—certainly a demonstrated proposition in monetary science—that an increase of the ratio of total gold and silver to total wealth must sooner or later raise, and its decrease lower, general prices of all exchangeable property. This proposition is undeniable, because if its opposite is affirmed it involves a contradiction of all monetary phenomena; whereas the proposition harmonizes with and explains them. But while this proposition is substantially true, it is not absolutely so. Usually, to enable one to sell, property must be productive, and if we could suppose all the capital of a country unproductive, money would leave it. Still further, if the ratio is true of productive property, it follows that it must be true of productions, and hence we shall have the same ratio between the total of money and the annual average total of production; and, therefore, each commercial country ought to have out of the whole mass of money an amount proportioned to its annual production. But it has much more, which, as every banker knows, is not used in distributing productions. The remainder is used in exchanging productive property, including such property as, though not productive, is valued as if it were. This remainder is fluctuating, the other portion permanent.

The phrase "rapidity of circulation" (as used by Mill, Book 3, Chap. 8, p. 300) has no clear meaning. The same amount of money is required to distribute a given amount of commodities at the same prices, in all cases, whether done quickly or slowly. The more quickly done, the less reserve required. The equilibrium of prices is thus maintained. This is not so material for the farmer, but it is vital to the merchant and banker. The loss of this equilibrium, when carried so far as to produce a commercial crisis, which is a general fall of prices, is usually through the defects of the paper-money and banking system, as now conducted, except in England and France; and even in these countries such crises occur—more especially in the former—not between London and the commercial world outside, but in London, and more or less throughout England, through unproductive expenditure. The Bank of England can never aid in causing such an expenditure, but helps to prevent it; still its chief office is to regulate the commerce of London with the commercial world, by keeping prices at the coin standard.

A paper circulation will take care of itself so long as it is convertible, and a comparatively small reserve will keep it so, while there are no banks of deposit and discount. A steady fixed reserve is desirable, but the circulation can be maintained with one more or less variable. The loss of reserve in the shape of coin will distribute itself amongst private reserves, unless the variation is large, and the paper alone will circulate, being paid out

instead of gold for the most part. The total amount of gold thus kept in private hands always amounts to a large sum, and where the money is mostly gold, in any country, the total will always be larger than where it is paper money. The total amount of gold, specie, notes, and deposits, in California is probably much greater than the total of legal-tender and bank-notes and deposits would be, had that State adopted our inconvertible currency. As a paper circulation, however, will always take care of itself, and a coin reserve, up to certain limits, can always be purchased by the note issuer, he may buy his reserve out of the first issue of notes. If he issues too many, they will be returned for coin, which will be placed in reserve, or perhaps exported. The equilibrium of prices being thus maintained, the disturbance arises through deposits; the first step of a banker is to use a portion of them in discount. Every dollar thus used is an expansion of the currency, and every dollar paid back is a contraction. If the expansion is slight and is neutralized by contraction within short periods of sixty or ninety days, an equilibrium is, on the whole, maintained; if the contraction is less, the expansion is carried over. If he makes a loan of ten thousand dollars, and places proceeds to the credit of his customer, it is precisely the same in effect as if he had given him bank-notes. It is a kind of clearing, because it is leaving the bank-notes in the place to which they will within a short time be sent, and it is more convenient for the customer. If the latter obtains the discount for ordinary purposes, that is to say, to pay for productive labor, or to distribute commodities, he draws currency, or exchanges his bank credit for currency, which, after it has served the uses it was obtained for, is re-deposited, and thus increases deposits by that amount, making the total of deposits the same as if the proceeds of the loan still stood in the shape of bank credit. Deposits, and therefore the total of money, are expanded and made redundant by this amount, which is unimportant, if retired shortly by the payment of the customer's loan. If, however, he has invested the money unproductively, viz.: as a railroad contractor, in paying for labor in the construction of a railroad for a railroad company, which, becoming bankrupt, bankrupts him; or if, in consequence of the large number of laborers employed in the construction of railroads, and brought from other employments and from foreign countries, the manufacturers produce an extra supply of goods, which leaves a surplus, as soon as the railroad labor falls off, a large expansion may be produced, as happened in 1857 in the United States, when bankruptcy, first of the railroad companies and then of merchants and banks, followed.

This expansion was brought on by banks outside of New York city, with the exception of the branch of the Ohio Life Insurance and Trust Company. The effect was to compel the country banks, or banks outside of New York, to retire the expansion by the use of their deposits in New York, and by redemption of notes. The cause of all the trouble was, building railroads ahead of other improvements, to the great immediate benefit of real estate owners,

at the expense of bankruptcy for the projectors, the banks, and merchants. Another result was the inharmonious development of all industry. But were the banks the cause of all this? By no means. They were potent auxiliaries, however, from the start; for had they all—not a part, but all—rigorously maintained from 1855 to 1857 the ratio of reserve which they had in 1855, where would the currency to pay for this labor have come from? It was, in fact, borrowed out of the reserve; but had it been impossible to borrow from the reserve until its ratio rose above the starting point of 1855, the currency would have remained in reserve until the regular development of industry had brought more of the commercial world's currency—gold, of which more than one-half would have gone into the bank reserve, allowing the banks to discount, from time to time, as the ratio increased. There could hardly have been a commercial crisis. So far as railroads, mills or ships had been built, before they were wanted—could the money have been procured out of the banks—there might be a "panic" and crisis, but not a commercial one. Under these rigorous conditions such a crisis would be as little likely to occur as in a country with a specie currency, although there was a reserve of only 21 per cent. to deposits and notes. A banking crisis might occur in a country having banks, and for the most part a metallic circulation, with reserve reaching 33 per cent. of liabilities, where the reserve had not been kept steady, as happened in France in 1857. But can the reserve be steadily maintained in a multitude of banks by their own joint action, and even Government supervision? Certainly not. This is proved monthly in London. Australian and other colonial ships arrive at London, with raw produce to the value of £1,000,000, to be distributed from the commercial world's center. A loan out of reserve, in the shape of gold, bank-notes or a credit on books of joint-stock banks, will pay for it. The latter takes place because the loan is not only most readily obtained in this way, but it is also most convenient in kind. Now this credit is, a right to draw gold or notes out of the reserve, and is therefore money, because it passes as such. If it is not money, it is because deposits are not money, and the credit will have no more effect than any other credit in account. Mr. Mill says that what acts on prices is credit, no matter in what form; Mr. Bonamy Price, looking at deposits from one angle only, that the result is simply a balancing of debts. Let us test the accuracy of these opinions by the resulting phenomena. If the effect is to create on the spot £1,000,000 in money for the same amount of goods, there is a redundancy, and it will soon be retired. The immediate consequence of the loan is, that the produce is purchased, and is therefore held at higher figures, by reason of payment being made, not of cash on hand, not out of the common stock, but *new* money. The price of this produce rises, and other things begin to rise, or are held more firmly; and if another like purchase occurs, it is found profitable to send gold abroad, and gold is accordingly checked out

of reserve and exported. But perhaps there is no gold, or not enough, on deposit, and Bank of England notes are checked out on a loan, to be used, not as circulation, but as vouchers to draw gold from the Issue Department of the Bank of England, and the gold is sent abroad. Still the redundancy is not retired, and if the export continues, and loans are still made after the sâme fashion, there is no method of retiring it, and it may continue until a "crisis" or "panic" forces sales. If gold is checked out directly and exported, and in the meantime goods are sold to the amount of £1,000,000, the redundancy is immediately retired; but if not, a crisis may be the result, ùnless the Bank of England, before the time comes for the "crisis" to develop itself, can succeed in retiring the redundancy in time, by raising the rate of interest and forcing sales. The power of the Bank to accomplish this is gradually decreasing, because its capital has not increased, while that of the other banks has largely increased. The machine is larger, while the regulator or governor remains the same.

London being the world's commercial center, vast transactions there take place without bank-notes, as above shown; but so far as respects bank loans made in London for purposes of home trade, every loan resulting in bank credit puts in circulation an equal amount of gold and bank-notes, which, when they have performed their office, retire into bank reserves, precisely as gold taken from any one reserve finally returns to it, where there are no banks. The bank merely economizes gold; if gold is not drawn, it is simply to save carrying and keeping it. The phenomena are substantially the same: the complicated machinery of banking obscures them. But how much reserve is necessary? Certainly more than three per cent. The London banks require no currency to transact outside business until gold is called for to send abroad, and, therefore, Sir John Lubbock's analysis does not show the size of the streams of the incoming and outgoing currency required for home purposes. Another analysis must be made. It would be desirable to ascertain the ratio for the United States by reports from all the banks. A reserve of 20 per cent., rigidly adhered to, would be better than 15, simply because it would be easier to keep it steady. A reserve of ten per cent. might answer, but it would be attended with greater danger.

(To be concluded in next number.)

U. S. Supreme Court Decisions—Virginia Currency.—Fritz *vs.* Stover, executor. Appeal from the Circuit Court for Virginia.—The war having rendered the currency of Virginia of no value in Pennsylvania, there was no authority in an agent appointed in Virginia in April, 1861, and living in Virginia during the war, to take the Virginia currency in discharge of a debt due his principal, a citizen of Pennsylvania. If it were otherwise, every Northern creditor of Southern men was at the mercy of the agent he had employed before the war, and his condition was a hard one, being prevented from holding intercourse with his agent for the purpose of changing his instructions, the original instructions not being applicable to a state of war. Mr. Justice Davis delivered the opinion.

OUR FINANCIAL SITUATION—THE ONLY REMEDY.

BY ROBERT MORRIS.

No. 6.

It seems highly probable that a substitute must be sought, and at a not very distant day, for the National Bank system. It does not appear to meet the wants of the country. In fact, it is not the system that Mr. Chase originally marked out, but a perversion of it. In his report to Congress in the year 1862, after giving a general sketch of the new plan, he said:

"The recommendations now submitted are prompted by no favor to excessive issues of any description of credit money. * * The Secretary recommends no mere paper-money scheme, but, on the contrary, a series of measures looking to a safe and gradual return to gold and silver as the only permanent basis, standard, and measure of values recognized by the Constitution—between which and an irredeemable paper currency, as he believes, the choice is now to be made. Just as soon as victory shall restore peace, the ample revenue already secured by wise legislation will enable the Government, through advantageous purchases of specie, to replace at once large amounts, and at no distant day the *whole* of the paper circulation by coin * * with great and manifest benefit to all interests."

Although Mr. Chase did not recommend any "mere paper-money scheme," the National Bank scheme has come to be that, and nothing else. Nor is it easy to see what else it could have grown into, considering the seductive temptations which surround the pursuit of riches. The reign of paper money has never been so firmly rooted in the interests of the country as it is at this day. It is the established measure of value. The fact that there is no authority for its issue in the Constitution has ceased to be a subject of any concern with our legislators. The whole body of the people is reconciled to it in spite of its violation of the Constitution. And when we remember that the "scheme," as Mr. Chase significantly characterizes it by implication, has paid regular dividends of five per cent. every six months, and while so doing has accumulated a surplus capital of over twenty-five per cent. in the short space of twelve years, we may cease to be surprised that its proprietors hold on to it with an iron grip. It has gained the favor of the rich by the fabulous profits which it has showered into their laps, and that of the poor by the deceptive duplication of their wages. With the working millions of the South it is the sign of liberation from slavery. Even the intelligent and educated traveler, who is not a stockholder in it, makes himself

happy with the fiction that he saves one or two per cent. discount on an accidental occasion once a year, when he journeys from New York to Chicago, totally oblivious of the ten or twenty per cent. that it costs him on the whole expenditure of his family in the shape of premium on gold! Nearly a third part of the people of the United States who handle "greenbacks" to-day are unconscious that the gold and silver medium ever had an existence, and with a large proportion of the other part the memory of it resembles more the shadows of a dream than a concrete reality.

But casting aside these lighter considerations, is there no ground to apprehend that the licentious influences of *a legalized counterfeit* currency may carry its pretensions so far as to demand of Congress, what in fact is already foreshadowed, that *the national standard of value* shall be and consist permanently of paper money, and that gold shall be banished from the financial system? It is a proposition of moral certainty that this perilous issue advances upon us in the exact degree of our procrastination of direct measures for the resumption of specie payments! The late action of Congress in designating the first of January, 1879, as the day when the legal-tender issues of the Government shall be replaced by coin, is looked upon in all banking circles as nothing more than a diverting example of what is popularly described as "bunkum." That it is so is rather creditable than otherwise to their intelligence, in view of the irrevocable fact that it is commerce, and commerce alone, that determines the level of gold in any country. Unfortunately, Congress has not the power by a wordy edict to increase our production and exports, and therefore we may confidently look for nothing else than the reflux of the precious metals to our great financial mistress, England, as rapidly as our Treasury may succeed in pumping up their level to the specie-paying point! There is no other possible issue to the scheme of Messrs. Sherman, Bristow & Co. within the code of Nature's laws.

It is not only our material or economical success that is at stake in this great pending issue, but our moral nationality—our moral rectitude and power of coherence as a people. With such an element of corruption at the base of our affairs, enveloping our daily life, infusing itself in every fiber of our national and spiritual organization, our march of social development must be backward toward a state of chaos and dissolution, instead of forward in the career of enlightened progress.

I present the plan of a National Bank, therefore, as the chief corner-stone of a general reorganization of our National life. Let it be constituted the fiscal agent of the Government, and the perpetual stream of gold that comes to us through the customs will give it the means of maintaining its own issues at the par of specie, and it may at the same time be made the instrument of retiring the mass of paper circulation, and gradually substituting a sound convertible medium in its place. It would be no more than just —no more than *returning to the people their own*—to make the

surplus fund of the National Bank system, *which has been gathered from the people*, pay the cost of restoring our currency to a sound condition. But it is by no means a foregone matter that any loss would be inflicted on the stockholders of the system. On the contrary, it is at least as likely that the conversion of their capital into the capital of a National Bank, would save them from a final loss, which is sure to come sooner or later, and to be the greater the longer the conversion is deferred.

I do not doubt that the proposition to establish a bank with a capital of five hundred million dollars may appear to many very extravagant. But we have no choice as to the amount of capital. That is already fixed, already incorporated, already in active employment, as the unexampled profits of the system demonstrate. It is *conversion* only that we propose, not enlargement of our present banking capital, for which there is certainly no necessity. Nor is it at all probable that the new institution would be unwieldy, divided into thirty or forty branches, as it would be, for the proper service of our rapidly growing, and yet undeveloped, country. In any event, it would be a more manageable mass under the experienced hands of a Board of Direction of fifty or one hundred responsible men, than under the control of forty or sixty thousand random managers whose first idea is not the *nation at large*, but SELF.

FINANCIAL ENGINEERING AT HOME AND ABROAD.

No. 1.

In the great sandy plains which stretch between the Rocky Mountains and the Sierra Nevada, the irrepressible enterprise of American engineers has projected and partly established a grand system of irrigation by which supplies of water can be brought in canals from distant rivers and distributed as a means of culture. In this beneficent system of canals and reservoirs, giving fertility to whatever connects itself with them, we see a counterpart of the money market. The money market is a vast reservoir of floating capital, and its fertilizing powers reach to every part of the country, causing activity and developing growth wherever its plenteous streams are carried. One of the characteristics of the age in which we live is the amazing accumulation and rapid increase of monetary capital. The aggregate savings of England, Germany, France, and the United States, pour into this monetary reservoir more than a thousand millions of dollars every year. These new additions to the floating capital of the world have to find investment, and the process by which the streams of capital are reached and turned on from the great reservoir so as to supply the competing applicants for it, is called "financial engineering."

These competing outlets for the available capital which is awaiting investment in the money market are very numerous, and their

claims are of the widest possible degrees of merit. It is not therefore surprising that the process of financial engineering has been brought to a considerable pitch of perfection; first, because the rewards of success are sometimes very large, and secondly, because the keenest and most astute minds in the community are by this and other circumstances attracted toward this employment. Moreover, it has been found that the rewards of success were often in the inverse ratio of the merit of the enterprises, and unscrupulous financiers have been tempted to depend rather on their own adroitness than on the substantial value of the securities they offered to the public. There are thus two great departments of financial engineering, and here, as elsewhere, Adam Smith's great principle of the division of employments has exhibited itself. In England the gentlemen whom we designate financial engineers are often styled "promoters," in France they are said to practice "*la haute Finance*," while here they have no specific name, but are lost in the general crowd of speculators, capitalists, operators and adventurers who abound in Wall street and in other chief financial centers. Perhaps the best description of one of the peculiar functions of the lower class of financial engineers was given some years ago by Mr. Jay Gould during the great Erie contest in 1868, when he first claimed prominence in the front rank of our railroad magnates. Defending the issue of Erie shares which was made by Gould and his friends to defeat Vanderbilt and to prevent his getting possession of the Erie railway, one of Mr. Gould's intimate friends said substantially this: "Wall street will operate in shares; and material for such operations will be supplied by somebody. Erie shares are greedily welcomed by the gymnasts of the Stock Exchange here and in London. Such securities can be manufactured at the trifling cost of paper and printing, and the Erie Company, wanting money, determined, on an emergency, and to defeat the great Vanderbilt monopoly, to raise money by supplying this great pressing demand for Erie shares for the use of those who wanted them for use as a foot-ball in Wall street and Capel Court."

Now this is one of the best descriptions we remember of the peculiarity of this class of professional men. They operate in cliques and supply material for speculators in the shape of securities; whether sound or unsound is not the question, provided only the securities will sell so as to leave a profit to the clique who manufacture and vend them. Of course this frank and graphic sketch of the work of a financial engineer applies only to the most disreputable class, and it is gratifying to find that Mr. Jay Gould, and many other men formerly ranked, justly or unjustly, in this class, have been taking special pains for some time past to remove from their reputation any such reproach.

Our purpose in the series of papers of which this is the first, is not so much to select any particular schemes for reprobation as to illustrate the advantages and evils by which the great processes of financial engineering here and abroad have been distinguished. The following paper, as we explain in a note, is from an English source, and might be called the "Confessions of a Financial Engineer":

Some important business obliged me, not long ago, to reside for a time at a French sea-port, which I shall call Dockville.* When Paterfamilias is traveling alone, and when his sojourn at the place he is stopping at may any day be brought to an end, it is hardly worth while to engage lodgings or apartments, and so I contrived, day after day and week after week, to live at the hotel to which I had first gone from the railway station. I was not very uncomfortable, less so, indeed, than generally falls to the lot of those who, having to come to a town at which they expected to remain a fortnight at the utmost, have been detained for nearly two months. Indeed, my prolonged stay at the "Hotel Imperial" rather increased my comforts than otherwise. I made it a rule to pay my bill for the past week every Monday morning, notwithstanding the protests of the head of the establishment that Monsieur (myself) would not mind such a trifle, that when I went away (which he hoped would not be for a long time yet) would be quite soon enough for Monsieur to give himself the trouble, and so forth. But I could see that, in spite of his declarations to the contrary, my worthy host rather rejoiced than otherwise at my punctual payments, and that my "respectability" in his eyes was greatly increased thereby.

It is a curious fact that, notwithstanding his great volubility and seeming openness of character, a Frenchman requires a much longer acquaintance than an American or an Englishman before he becomes communicative respecting his own affairs. The popular notion respecting the two countries is exactly the reverse of this. But an experience, extending over many years, with our neighbors across the Channel, has taught me that they, beyond all things, are cautious and silent respecting money and business matters; whereas, with our own countrymen, it is generally the first subject on which A asks B's advice after they have been introduced to each other. However, it is quite possible to thaw a Frenchman's tongue even on personal monetary questions; and when this is once done, he goes to the opposite extreme, and turns you into a sort of secular father-confessor, to whom he is at all times running for advice and assistance in his troubles. Such it was my fate to become with my landlord, M. Jean Bartot, who kept the "Hotel Imperial" at Dockville, but whose energy panted to find vent in some establishment of much greater magnitude.

Monsieur Bartot had been beating about the bush for three or four days, when one evening, as the dessert was being put on the *table d'hote*, the waiter opened and placed by my side a bottle of Veuve Cliquot's champagne. Not having ordered the wine, and not caring to add seven francs to my already too high hotel bill, I told the man he must have made a mistake, and requested him to take it away. But he whispered in my ear that this was a

*The law of libel is so strict in England that the public press is obliged to be extremely careful in all its revelations as to the financial rascalities which are, from time to time, brought to public notice. In the excitement which attended the financial crisis of 1866, more license than usual was indulged. Among the literature of that period, a "financial engineer" wrote the following narrative of facts, very slightly disguised. When the history is written of the Big Bonanza excitement in San Francisco, we shall have not a few incidents on record of quite as monstrous a character.

compliment from Monsieur Bartot, who begged that I would honor him by drinking the bottle, and passing my opinion upon it; and at the same moment the waiter slipped into my hand my *note des vin* for the day (for it was the custom of the house either to settle the wine bill or initial it every evening, so as to prevent mistakes), in which, sure enough, the bottle of champagne was not included. I then felt certain that the wine was meant as à sort of retaining fee for services to be done at some future time, but I could not resist the temptation—champagne, if good, being a weakness of mine which I have yet to overcome. Moreover, I thought it would seem most ungracious to refuse what the poor fellow evidently meant as a civility; and therefore, there being but two other guests at the table, and both being about to take their departure, I begged the waiter to request that Monsieur Bartot would favor me with the pleasure of his company, so that we might discuss the quality of the Cliquot together.

My host came, and, like every Frenchman I ever saw, took his chair, drank his wine, and conversed with me on general topics, with a tact rarely to be met with amongst men of any other country. By degrees—still with infinite tact and much gentlemanly feeling—he commenced to pump me as to what were my occupations in *ce magnifique Londres*, a town, understand you, which he had never seen, but which he hoped to behold some fine day before dying. Was Monsieur *dans les affaires*—in business? Perhaps Monsieur occupied himself with "*la Finance*," may be "*la haute finance*?" To both of these last queries—rather from a spirit of lazy indolence, which disliked the idea of explaining matters to him, than from the slightest wish to deceive the man—I returned an affirmative answer.

Monsieur Bartot appeared delighted when he found that I belonged to "*la haute finance*"—although myself quite ignorant as to what that may be—he appeared delighted, and said he had "*une affaire*," a piece of business, which would suit me admirably, and of which he would speak on the morrow. In the meantime, he insisted upon carrying me off to a café, where he had delicious ices—Dockville is a very hot place at midsummer—then to the opera, where nothing would serve him but he would pay for two stalls, as he had previously for the ices; then to some iced drink at another café; and, lastly, home, where he insisted upon my eating, by way of supper, some cold chicken-pie, and drinking another bottle of Cliquot. I was so astounded at my host's liberality, that I did not attempt to work out the problem as to what had caused such wonderful generosity, and left the matter to discover itself next morning, when Monsieur Bartot should further develop his plans to me.

The following day—as, indeed, I half expected—brought me letters from London, saying that the business which had taken me to Dockville could not be carried out for the present, and I was therefore at liberty to return to England whenever it suited me to move northward. As soon as I could see Monsieur Bartot,

I communicated the contents of my letters to him, and wished to know whether I could be of any service to him, in either the capital of France or England, as, on the following day, I proposed taking my departure from Dockville for both these cities. But my host had other views for me, and after a great deal of useless contending with him, I gave in, and agreed to devote three days to him and his projected schemes—he not merely agreeing, but proposing and insisting, upon paying all my expenses during the time I spent, so to speak, in his service. The same evening saw us on the railway, *en route* to Placet, a fishing hamlet on the coast, about twelve miles from Dockville. We slept at a small inn there, and the next morning Monsieur Bartot unfolded to me his magnificent schemes.

There was in that part of France—as he informed me, and proved entirely to his own satisfaction in figures which I could not follow—a great want of accommodation for sea-bathing. "In the days we live in—these days of a civilization so magnificent that the world has never beheld its like," said Monsieur Bartot, who loved to use long and well-rounded sentences—"no lady can do without a month or six weeks of *les bains de mers*. Now there are," said he, referring again to his long tabular statements, "so many thousand ladies in this and the neighboring departments alone, whereas there are but apartments, furnished houses, hotels, and the like—but lodging room in short—for a tenth of that number. My scheme, therefore, is to buy up the whole of this village of Placet, pull down the wretched houses, and build a magnificent hotel, which will accommodate so many thousand families during the bathing season." What all his scheme consisted of, I cannot at present call to mind, but I recollect that there were to be splendid ball-rooms, concert-rooms, rooms for "conversation," rooms for "*le wist*," betting-rooms, a race-ground, a steeple-chase ground, a riding-school, and, in short, everything that could possibly be wanted for the amusement or "distraction" of the ten thousand visitors who would, no doubt, resort to Placet whenever it should be entirely pulled down, altogether rebuilt, then re-arranged, and all put into order. I asked my friend Bartot who was to pay for this village, these buildings, these changings, and what might be the probable amount of the little sum required? "*Moi, Monsieur, c'est moi qui suis l'entrepreneur*" said he, dancing with delight, and slapping his chest with his open palm. "I am the projector of this, and it will cost in round figures, say six millions of francs ($ 1,200,000), not a sou more." I began to wonder how it was that a man, with such a fund of wealth at command, could have hitherto wasted his time in acting as host of the "Hotel Imperial." But Monsieur Bartot soon undeceived me. It appeared that the prosperity of his scheme turned mainly upon his obtaining a loan with which to purchase the village, pull down the houses, build up new habitations, construct baths, saloons, and what not. In short, that the magnificent plan was his, but the wherewith to carry it out had yet to be found.

Not that Bartot was at all undecided how he was to act, or where to apply for the requisite funds. On the contrary, he had settled all this long ago in his own mind. He had heard of those famous and excellent companies of finance—"*la haute finance*," as he persisted in calling all connected with money-lending on a large scale—of London, and he seemed quite convinced, that if he could only get introduced to one of them—that is, to the manager of such a concern—his business would be settled off hand. This, then, was what he wanted me to do for him, to give him a letter to one of those "gentlemans" of *la haute finance*, who would take up the matter, and send him back to Dockville rejoicing, with six millions of francs in his pocket.

After hearing him out, I was under the conviction that the unfortunate innkeeper would never be able to obtain the amount of assistance he required, if only from the fact that he had really no security whatever to offer for the loan. What he proposed seemed to me like building a house with money, which was borrowed by a mortgage on the edifice that had yet to be constructed.

However, he was so bent upon going to London, to see what he could do, that I determined to give him a letter of introduction to the general manager of a finance company, which took up business abroad as well as at home. We traveled as far as Paris together, but as I there received letters which obliged me to go to Vienna, Bartot continued his journey alone, giving me before starting an address in "Leestaar Squar," where I should be sure to hear of him. But as I was detained ten days in Vienna, and then had to return to Paris, and on arriving in London had many things to attend to, nearly a month had elapsed before I looked up my former host. I fully expected that he would by this time have either left London in disgust or be exceedingly downcast at the utter failure of his very visionary plans. But to my great surprise, I found him radiant with delight, as all Frenchmen are when they feel likely to prosper in money matters. His scheme had been taken up; a gentleman connected with the finance company had already been over to visit Placet, and had reported most favorably upon it. Most wonderful of all, the finance company was quite ready to advance, in acceptances of course, the sum required for purchasing the village, taking as security a mortgage on the whole property, provided Bartot could get any one to undertake that the money with which to erect all the new buildings should be forthcoming when wanted. This had at first been done by a French Credit Company, and the negotiations had ended by the two establishments joining together in the speculation, and each advancing in acceptances £120,000, or three millions of francs. These bills, being drawn by what was reputed to be a sound financial company in England, and accepted by a similar establishment in France, would be no doubt negotiable without much difficulty, and the whole affair could therefore be commenced upon at once.

At first, I thought that Bartot had taken leave of his senses, and that he was inventing for my amusement a tale, not as to how things really were, but as to how he wished them to be. But after an interview with the manager of the finance company, I found that he had merely related the actual arrangements, so far as they had gone. Moreover, the manager appeared quite delighted with the business. "Excellent security! Whole village on French coast! Become a French Brighton! Capital investment!" and similar anthems of praise he kept sounding in my ear during the twenty minutes I remained in his office; but of actual details as to how the monetary part of the business was to be arranged, he did not vouchsafe any explanation, and I of course asked no questions respecting what there was evidently no wish to afford me information.

Bartot, who came to see me almost every day at my office in the city, was more communicative. He knew but little as to how the grand scheme was to be carried out, beyond that he was to be "Directeur" of the "Grand Hotel Imperial de Placet," as also of the sea-bathing establishment, the fresh-water baths, the grand ball-rooms, and what not. He was to have a salary of 25,000 francs ($5,000) a year for five years, and if by that time the undertaking had paid off two-thirds of the debt it owed to the finance company, he was to have the whole concern in his own hands, and to pay off the balance by degrees in a given time. He brought me in great triumph one day a French paper, in which was advertised, in the usual immense letters used on such occasions by our neighbors, the scheme of a joint-stock company for the formation of this wonderful bathing village called Placet, with its "Grand Hotel Imperial," and all the rest of it. The number of shares was something fabulous, but the amount to be paid for each was not much—only 100 francs, or four pounds, a fourth of which had to be forthcoming on application, and similar sums in two, three, and four months, respectively. It was further stated that a speedy application (at the office of the French Finance Company, in Paris) was absolutely necessary, "the greater number of shares having already been applied for in England." "There," said Bartot, as he slapped the paper with exultation, "you see that! Your excellent fellow-countrymen are clever fellows; they are no fools. *They* see at once the enormous advantages and the great profit that must arise from a bathing establishment like Placet, if conducted on a large scale. *They* have been wise, as you see, and have applied for shares in time." Poor Bartot! He, like the old Scotch woman, evidently believed all that he saw in print. But unfortunately for my powers of credence—always very limited where companies' prospectuses are concerned—I had that very morning read an advertisement in the *Times*, in which the wonders and excellences of Placet were all described, and in which people were advised to apply for shares at once, as the greater number of those which were disposable had been already applied for *in France*. I did not tell Bartot of my discovery, for it would have been cruel to undeceive him. Moreover, as he had sunk

no money in the concern, it could have done him no good to be told what he did not know, and what would certainly make him most unhappy. A few days later, he came to inform me that he was to leave London for Placet the following week, in order to superintend the arrangements and building of the "Grand Hotel Imperial;" that his salary was to commence forthwith, and that the finance company had made him a present of fifty paid-up shares in the undertaking, of which he wanted very much to give me half, and, on my declining, insisted upon treating me to a dinner and a stall at the Italian opera for the next evening. I never saw any one whose gratitude was greater than that of poor Bartot for the introduction I had given him to the finance company's manager. He declared that I had been the making of himself, his family, and all that belonged to him, and that he would never forget the kindness I had done him. But if the unfortunate man could have foreseen the future, he would not have been so very thankful even for what little help I had been able to afford him.

In London one has very little time to think of or care for either the troubles or the pleasures of others. Every man is so engaged in his own affairs, that he really has not a moment to think upon what his friends are doing. This was my case. Every day brought its own occupations, cares, and worry, so that Bartot and his grand hotel at Placet very soon vanished from my mind, when I no longer saw the chief actor in the affair. It so happened, however, that, about six months after my former host left London, business for the firm with which I was connected once more took me to Dockville, and, although I had but twenty-four hours to remain there, I determined to run over to Placet, and see for myself how matters were getting on. I carried out my plan, and soon witnessed enough to convince me that it would be many a long year, if ever, before Bartot sat at the head of the "Grand Hotel Imperial" at Placet.

The village seemed to be very much the same as when I had seen it twelve months previously, only that near the beach a certain number of houses—perhaps a dozen very inferior fishermen's huts—had been pulled down, and on the site where they had stood the foundations of an immense building had been dug, and the outer wall built to the height of about four feet from the ground. Beyond this there was no outward and visible sign whatever of any house being built in the place, and even this one seemed to have got what I once heard a London cabman call the inability of an omnibus pair of horses to pull up Holborn Hill, the "stand-stills." There was not a single workman—builder, bricklayer, carpenter, or any other kind of artificer—engaged about the premises; the walls had been built so far, and then left to their own devices. I asked in the neighborhood respecting the why, the when, and the wherefore of this non-progression, but could get no answer that in any way explained how matters were thus left to themselves. After a great deal of trouble,

I found that Bartot was alive, but that he had left Placet in disgust, and now kept a small *café*, called "Le Café Napoleon," in a garrison town which was situated about an hour by rail from Dockville. Although I could ill spare the time, I determined to see him before leaving France, and accordingly took my departure by the first train for the place of his present sojourn.

"Le Café Napoleon" was easy enough to find, and the first person I saw as I approached it was the worthy individual who formerly kept the "Hotel Imperial" at Dockville. Poor Bartot was as cheery almost as ever, and very glad indeed to see me; but when I questioned him respecting the break-down of his splendid scheme, he burst out in a torrent of invectives against all financial agents in general and *ces scelerats de Londres et de Paris* in particular. According to his own account, he had been badly used. The finance company had only advanced him a hundredth part of what they promised, and for which they had taken mortgages. When others who had contracted to sell land and to build houses for Bartot pressed him for money, he begged the companies to do as they had agreed, but got neither money nor satisfaction of any kind. "They laughed at me, my friend," he exclaimed, with tears in his eyes—"they laughed at me, and having made me the enemy of everybody in Dockville and Placet, they refused to advance me another sou. I was the only person who treated with the sellers of the land, and they knew nobody else. The same with the builders. I made contracts with them all to erect houses, hotels, bathing establishments, and such like; but when I asked for money from those who were under engagements to give it me, I got laughed at again. I was involved in numerous lawsuits, and it was only by giving up everything I had in the world to my opponents that I was able to leave the place, and I have now purchased the good-will of this café with a few hundred francs which my wife's father has lent me."

Like all Frenchmen in misfortune, Bartot seemed by his cheerfulness and good temper to defy the enemy. I could hardly make out the reason why the finance companies should have just held him up, and then cast him down, but determined to inquire more particularly on my return to London. He, poor fellow, evidently knew nothing as to causes, however severely he had felt effects. I pitied the unfortunate man so much, and so sincerely believed him to be the victim of some rascality, that when, on asking him, I found that the debt to his father-in-law amounted to only 500 francs ($100), I determined to lend him the money myself, and his thanks for the loan, which was faithfully repaid a few months afterward, were most profuse.

On my return to London, I went at once to see the manager of the finance company that had made Bartot such magnificent promises, but could get nothing satisfactory out of that individual, who appeared as if the faculties of speech were given him to conceal, rather than impart, what he knew. This, however, I very soon rectified, by getting hold of one of those monetary spies

who, for a sovereign, will find anything in the city of London. In due time I had acquired all the knowledge I sought for, and then it was that the shameful way in which Bartot had been treated came to light.

It was quite true that the finance company had promised him the six millions of francs, and had led him to suppose that he would have ample funds with which to build his hotel, his bathing establishment, and all the rest of it. They had advanced him some money, but not more than 30,000 francs, or £1,200. Even this had been given in dribblets, and had proved just enough for Bartot to complete the purchase-money of the site for the hotel, and to raise the outside walls as I had seen them when I last visited Placet. In the meantime, the name of the grand bathing establishment, with the grand hotel and all the rest of it at Placet, was bandied about between the London and the French finance companies as a stupendous undertaking, upon which they must make an immense profit; whereas, in reality, all that they could lay claim to was the site of the hotel, with the four-feet outside walls, at which no work whatever was going on, and which they had mortgaged for more money than they had advanced Bartot. But the name of the proposed grand establishment at Placet served the two companies as a pretext for drawing bills upon one another; and as they were not out of pocket a sixpence by the transaction, it seemed as if they would allow matters to remain *in statu quo* until the end of time. Bartot, as I explained to him the next time I saw him, had been made a complete tool of; and when convinced of the fact, his anger was not small, although it certainly was not long-lived.

The shares in the "Grand Hotel Imperial" and "*Grand Etablissement de Bains*" at Placet were long quoted, and bought, and sold, both in Paris and London. What kind of security they afforded for investors, the reader is as able as I am to judge. But very shortly before the panic, some "bear," who was working "for the fall," with the shares of certain finance and credit companies, got hold of the story, and of course made the most of it, with a view to lowering the value of this kind of security. That he and his fellows succeeded we all know but too well; and yet is not this an instance in which we may hold them excused for running down that which deserves no better fate? Be that as it may, the two finance companies have, between them, managed to make an uncommon good thing out of the scheme which poor Bartot believed was to be his path to wealth, and to carry out which he spent all his "little economies," and gave up the comfortable berth he had as master of the hotel at Dockville. Whatever others may do when the panic and crisis are well over, I do not think that my friend Bartot will ever again seek assistance from finance companies, or deal in shares to which they have anything whatever to say. He still keeps the Café Napoleon; and although not, perhaps, making a fortune, clears enough to keep the *pôt au feu* boiling.

LOANS BY NATIONAL BANKS.

Is a Loan Exceeding One-tenth of the Capital of a Bank Illegal and Void?

The question decided by the Supreme Court of Pennsylvania, in the following opinion, is one of great importance to National Banks, and is the first determination of the question by a tribunal of last resort in any of the States. The same point was raised in the case of Stewart against the National Union Bank of Maryland (to be found in the *Baltimore Law Transcript* of October, 1869), and was determined in the same way by the United States Circuit Court for the district of Maryland, from which decision an appeal was taken to the Supreme Court of the United States, but was never heard, the cause having been settled by the parties. So much else was involved in this case that the one found below may be considered the only instance in which this question of law has been raised as the only defense.

The point decided is that the provision of the 29th section of the National Bank Act of 1864, which provides that a National Bank shall not loan more than a tenth of its capital to any one individual or firm, is directory only; and, unless the bank and the debtor combine knowingly and intentionally to evade this provision of the Act, a loan in excess of one-tenth of the capital is not void, and will be collectable in the courts.

SUPREME COURT OF PENNSYLVANIA.

O'Hare vs. *Second National Bank of Titusville.*

Two cases—Error to the Court of Common Pleas of Crawford County—Opinion of the Court by Agnew, C. J., *delivered January* 4, 1875.

The main question in these cases is, whether the notes in suit are illegal, and cannot be recovered, because at the time they were discounted the bank had previously lent the drawer, for whose accommodation O'Hare indorsed, more than one-tenth part of its capital. It is contended that the discount was contrary to the 29th section of the National Bank Law of June 3, 1864, providing that "the total liabilities to any association, of any person, or of any company, corporation or firm for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in: Provided, that the discount of *bona fide* bills of exchange drawn against actually existing values, and the discount of commercial or business paper, actually owned by the person or persons, corporation or firm negotiating the same, shall not be considered as money borrowed."

The affidavits of defense, upon which the question is raised, do not aver that the excess above one-tenth of the paid in capital was knowingly and voluntarily lent to the drawer of the note. This defect in the affidavit would support the judgment, for surely it cannot be contended that accidental excess, made in mistake or in ignorance, would forfeit an honest loan. But without resting the case on this defect we cannot think that an excess known to the bank only is such an unlawful act, entering into the vitality of the loan, as

will avoid it. The fact of an excess of indebtedness over one-tenth of the paid in capital is a matter aside from the loan itself, not entering into its terms, and therefore collateral. The loan of the money is an act within the authorized power of the bank; a part of its proper business, and therefore not in itself illegal. The note or security given for the money was an instrument within the power of the bank to accept. The drawer had a right to make it, and the bank a right to discount it. In this lies the difference between this case and that of *Fowler v. Scully*, 22 P. F. Smith, 456 (reported in 3 Pitts. Legal Journal, 85), relied on as authority. There the very instrument itself, a mortgage of real estate, for future advancement, was illegal and void, being forbidden to the bank as well as to the mortgagor, who is presumed to know the law. It appeared on the face of the mortgage that it was given to secure future discounts up to the sum of one hundred thousand dollars, and for the expressed purpose of enabling the mortgagor "to avoid the necessity of procuring the additional indorsement to said paper by a third party." It therefore presented a case where both parties combined purposely to do an act expressly forbidden by the law, and where the thing itself (the mortgage) was the very ground of attempted recovery by *scire facias*, and the bank was directly asking the aid of the law and of the Court to enforce the illegal instrument. Fowler *vs.* Scully is not authority for this case. What might be the consequence if the bank and Garfield, the drawer, had combined knowingly and willfully to defeat the restriction in the 29th section referred to, it is not proper to say or to speculate upon. Therein, however, lies the difference between the case of Morris Run Coal Co. and Barclay Coal Co., 18 P. F. Smith, 174, cited and relied on, and this case. There the contract was void because in restraint of trade, and the draft sued on was the provided instrument for carrying the illegal agreement into execution. Hence, it was said there, "the illegal consideration entered directly into the instrument, and is followed up, because the law will not permit itself to be violated by mere indirection." Here the fact of the excess of indebtedness, and the bank's knowledge of the fact, were only collateral to the contract of discount, and not presumed to be within the knowledge of the borrower, and the note was not intended by both parties to be the instrument of committing a fraud upon the law. Both the consideration and the note were lawful in themselves. The affidavit does not charge combination or conspiracy to defeat the law.

Other considerations connect themselves with the question. It was evidently not the intention of Congress to aim at the securities taken by the bank and declare them illegal, as it was in the 28th section, forbidding mortgages other than those taken to secure previously contracted debts. The securities not being referred to in the 29th section, or declared illegal, we are at liberty to inquire into the true purpose of Congress, in considering whether we should declare the securities themselves illegal by implication. If such was not the real intent of Congress we ought not to raise an implication to defeat recovery. Evidently the limitation of the indebtedness to one-tenth in the 29th section was intended as a general rule for conducting the business of the bank; a rule laid down from experience to regulate its loans for its own best interest and those of stockholders and creditors, not a rule to regulate its customers. It was, as remarked in Fowler *v.* Scully, a regulation to prevent these associations from splitting on a rock which has ruined so many banks, to-wit: that of lending too much of their capital to one person or firm. The intention being to protect the association and its stockholders and creditors from unwise banking, we cannot suppose it was meant to injure them by forbidding recovery of the injudicious loans. We should not interpret the section so as to carry its prohibition beyond its true purpose, and thus cause it to destroy the very interest it intended to protect by the regulation. To do so would be, as said by the Court below, to demand a penalty in favor of an individual for an offense against the country, and invite to dishonesty under a pretense of a regard for the law.

As to the usurious interest we shall say nothing, the defendant in error having, in his paper book, agreed to correct the judgments by proper deduction. We leave the enforcement of this agreement to the Court below, if the correction should not be voluntarily made.

Judgments affirmed.

INQUIRIES OF CORRESPONDENTS,

Addressed to the Editor of the Banker's Magazine.

I. Protest for Non-Acceptance of Time Checks.

——— National Bank, Ohio, 1875.

In your March issue, speaking of the duty of a banker in regard to checks payable at a future day, you say: "But if received for collection, it is not his duty to demand acceptance before maturity, and still less is it the duty of the bank upon whom drawn to accept them." To the first part of the reply quoted above we must except. You probably have been governed in your reply by the New York statute, which dispenses in so many words with presentation for acceptance of all checks, drafts and paper or bills, drawn on banks and bankers. There is, however, no such law in Ohio. As to the "duty of the bank upon whom drawn" to accept or refuse, does that not depend on the arrangement of that matter between the bank and its customer, and not on the state of the account between them? What, then, has that question to do with the duty of the collecting bank as to presentment? If the drawer of the check does not wish or intend to have it accepted, or even presented for acceptance, is it not his duty to write "acceptance waived" before his signature, and thus save all questions?

If he chooses to neglect so simple a matter, shall a collecting bank, in absence of any law dispensing with presentment for acceptance, be expected to voluntarily waive demand of acceptance with any show of common sense?

Shall that neglect of the drawer of the check work to the detriment of, or risk of, a collecting agent? Suppose a check, with name of place and State, but date left blank, and May 15, 1875, inserted in its body, and there be no law dispensing with acceptance of checks drawn on banks and bankers; do you still hold a collecting bank not bound to present the same for acceptance when the check is made and delivered March 31, 1875? How would the fact of the date being so inserted for payment, differ from a case when the date is inserted as usual, except in one case grace might be claimed? The duty of the bank upon whom such a check is drawn, as to acceptance, has nothing to do with the question at issue. That depends on the arrangement between drawer and bank, and may be one way or another. Even in your view of it, if not a *duty* to present and protest for non-acceptance, is it not *advisable* to do so?

Reply.—Our correspondent takes the ground that, in the absence of legislation distinctly exempting them from acceptance, there must be a risk in neglecting to demand acceptance of checks payable at a future day, and to protest them if not accepted. Now, if there be any such risk, it can be no greater in the case of a check than in that of a bill of exchange, except such as may arise from any uncertainty as to the former being entitled to grace. If there be any necessity for protest for non-acceptance, such protest is just as binding on the day of maturity as on any previous one. Why then demand of the payee that which he has, obviously, no right to do? The acceptance of time-drafts is no part of a banker's business. It is not sanctioned either by usage or by law; but, on the contrary, is forbidden by both. In the case of Clarke National Bank *vs.* The Bank of Albion (52 Barb., N. Y., 592), to recover on an *accepted* post-dated check, it was decided that the

drawer had notice that the cashier was exceeding his authority in certifying such a check, and that the plaintiffs, who received it from the drawer, took it subject to the equities against him. The principle involved is thus stated:

"One limitation, however, the law lays down in all cases. A Cashier cannot certify the check of a drawer who has not unincumbered funds in the bank sufficient to meet the check. Any person having notice of the fact that the bank had not enough of the drawer's funds on hand to meet the check at the time of certification, will be presumed to know that the act was unauthorized and void, and will not be allowed to hold the bank liable upon it."

It appears to us, therefore, that the limit of his duty is reached if the holder of a check, not yet due, should demand its payment on the day of its maturity, and if not then paid should protest for non-payment only. If there be doubt as to the allowance of grace, protest on *both* the possible days of maturity would obviate this.

On the ground that the drawer of such a check has no right to impose upon its holder any avoidable risk, there may be some reason to require from the drawer a waiver of acceptance, as is very properly suggested by our correspondent. But if the holder undertakes to protest for non-acceptance, we think that the cost of such protest, if disputed, would fall upon him.

II. Liability of Drawer of Countermanded Checks.

——— National Bank, Ohio, March, 1875.

Suppose I send to John Smith, in New York city, in payment of a bill, my check on Fourth National Bank, New York, and, not receiving any acknowledgment of its receipt, I write him concerning it, and in reply he says: "Your check was not received." Then suppose I notify the Fourth National Bank of the loss of this check, *stop payment of it*, and send Smith another one, *not, however, a duplicate*. This last one is duly received and paid by the bank on which it is drawn. After it is paid *the first one* is received by Smith, and cashed for him by the Tenth National Bank, who, on presenting it for payment, is informed that its payment has been stopped.

Now, John Smith is worthless; and the question is: the Tenth National Bank having paid the money to him, of whom they cannot now collect it, have they a right of action against me, the maker of the check?

Reply.—Although the drawer of a check has the legal right to countermand its payment at any time before its presentation, this cannot release him from liability to a third party, who has taken the check in good faith, and given value for it, without notice of its stoppage.

III. Acceptances Payable "with Exchange."

——— National Bank, Pa., April, 1875.

An acceptance payable at our bank "with exchange" is presented for payment. We tender to the holder our check on New York for the face of the paper. He demurs, claiming that he is entitled to the amount, with premium added, in currency, and that only when paper is payable "*in* exchange" are we entitled to the privilege of payment on Eastern draft. Is there any difference in the import of the words "*with* exchange" and "*in* exchange?" and have we the right in either case to pay by currency or exchange as may best suit us?

Reply.—If the acceptance be payable "*with* exchange on New York," the holder has a clear right to demand currency for the amount with the current

premium added. If payable "*in* exchange on New York" the proffer of an *unquestionably* good check on this city for the face of the paper would be equivalent to a legal tender.

Bankers should, however, utterly discourage the use of such a stipulation by their customers. If payable in anything except money, such paper is not legally negotiable. The saving of the premium on an Eastern draft, or the diverting to some particular bank the sale of the Eastern exchange, is too small a gain to justify the annoyance, if not the injustice, which is very sure to arise.

IV. Priority of Notes or Checks Presented at the Same Time.

——— Ohio, March, 1875.

Is the obligation of a bank to pay the notes of its customers, which are made payable at the bank, the same as to pay their checks? In case the check and the note of a dealer should be presented at the same time, and he should only have money enough in the bank to pay one of the instruments, which should have the preference?

Reply.—The obligation of a bank to honor the check of its customer, when good, is unquestionable; but its duty to pay his note is not clear, unless distinct instructions to do so have been given by the maker. While the bulk of authority indicates that a bank is *safe* in paying the notes of its dealers, made payable at its counter, there are decisions to the effect that a bank is *not* authorized to pay a note without being ordered to do so by its maker, verbally or in writing. (Wood *v.* Merchants' Sav. Co., 41 Ill., 267.)

But supposing the bank to have authority from its customer to pay his note, and that it is then on the same footing with a check, the doubt as to any right of priority is still unsettled. We do not know of any legal adjudication of the question, as to what is the duty of a bank when the aggregate of checks simultaneously presented exceeds the balance to credit of an account. It is a very delicate point, and even priority in the dates or numbers of the checks is not a safe guide. A decision in this State (Dykens *v.* Leather Manufacturers' Bank) holds that in such case "the officers of a bank are not bound to settle the conflicting claims of the holders of different checks to priority of payment." We think that, when so presented, the safer plan is to refuse them all.

A Partner's Indorsement.—Among the late decisions by the Supreme Court of Pennsylvania there is the following, involving the right of a partner to indorse the firm name: The Second National Bank of Titusville brought suit on an indorsement of Collins Brothers on a note bearing the name of the firm, given without the knowledge or consent of the other members. The bank, plaintiffs in the lower Court, having filed a copy of the note, the defendants filed separate affidavits of defense, setting forth the fact that it was so indorsed; that the firm had no interest in the note, and never received any consideration for the indorsement thereof, and that it was not indorsed in the regular course of their business. Two of the members swore that they never received any notice of protest, but the third did not.

Upon a rule to show cause why judgment should not be entered for want of a sufficient affidavit of defense, the Court entered judgment for plaintiff.

The higher Court expressed the opinion that notice of protest to one member of a firm was sufficient, and affirmed the judgment in favor of the bank.

STAMPS ON VOUCHERS.

TREASURY DECISIONS UNDER THE ACT OF FEBRUARY 8, 1875.

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE,
WASHINGTON, March 29, 1875.

Hon. James S. Biery, M. C., Allentown, Pa.:

SIR: I reply to your letter respecting the liability to stamp tax of notes payable at a bank: That it is understood that section 15, of the Act of February 8, 1875, which is quoted by you, was enacted mainly to meet evasions of the stamp tax on checks by the substitution of *receipts*, "*orders payable one day after date*," and other subterfuges.

Accordingly, it is held by this office that, if there is any understanding between a bank (as shown by its practice, etc.), and the maker of notes, or drawer or acceptor of checks, drafts, or orders payable at the bank, that all such notes and acceptances shall be paid by the bank and charged in the account of the maker, drawer or acceptor, in the same manner as ordinary checks would be, *and to avoid the use of bank checks*, such notes and acceptances are liable to the two-cent stamp tax as "vouchers" for the payment of money by the bank.

The law, in its widest sense and taken literally, includes in the tax all bank "vouchers" for the payment of money. But out of respect to the supposed object of the enactment as above referred to, it has been the endeavor of this office to confine its operation, as far as a practicable line can be drawn, to such vouchers as are used *as a substitute for checks, etc.*, as commonly employed according to the custom of banks. To include all instruments which, under strict interpretation, are vouchers would be to tax a large variety of papers hitherto exempt, and which it is believed Congress had no design of taxing.

Very respectfully,

J. W. DOUGLASS, *Commissioner.*

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE,
WASHINGTON, April 2, 1875.

Lucian Hawley, Esq., Supervisor Internal Revenue, New York, N. Y.:

SIR: Numerous letters have been received at this office, making inquiry as to the liability to stamp tax of notes and drafts made payable at a bank, etc.

It is not believed to have been the meaning and intent of Congress to require stamps upon promissory notes made in the usual commercial form and payable at a bank, when such notes are given in good faith and in the ordinary course of business. Under a strict interpretation of the law they might, perhaps, be held liable as "vouchers." It is well known, however, that the leading purpose of the recent enactment, with regard to stamping bank checks, vouchers, etc. (Section 15, Act of February 8, 1875), was to cut off the frequent evasions of the stamp tax on checks, as, for instance, by the use of receipts, checks payable nominally one day after date, without grace, etc.

Unless the notes referred to are used simply as a substitute for checks, as evasions of the stamp tax on checks, this office will not insist upon their being stamped.

The above remarks will also apply to drafts upon private parties not bankers, etc., accepted payable at a bank.

A receipt which performs the work of a bank check, as, for instance, where a person who has money on deposit with a bank draws out a portion of it, but instead of drawing it out upon a check gives the bank his receipt therefor, which is taken by the bank and held as a voucher, is considered liable to the tax.

If a dividend due a stockholder has been credited to his deposit account, upon the books of the bank, it has become a deposit, and a receipt given for it, or for any portion of it, would, in my opinion, be liable to stamp tax.

But while a receipt given for a dividend, which has not lost its identity by taking the form of a deposit, might perhaps, under a strict construction of the statute, be liable to the stamp tax, it would not in my opinion fall within its intent and meaning, and this office will not insist upon its being stamped.

Section 6, of the Act of March 3, 1875, exempts from the tax "the receipts in the receipt-book of a savings bank or institution for savings, having no capital stock and doing no other business than receiving deposits, to be loaned or invested for the sole benefit of the parties making such deposits, without profit or compensation to the association or company, when money is paid to a depositor on his pass-book."

The banks referred to in the above exemption are those which properly make returns on "Form 106 *a*," and collectors should require stamps on the receipts of depositors in receipt-books kept by any other banks. Some banks, whose returns should properly be made on "Form 106 *b*," are in fact erroneously making them on "Form 106 *a*." This error should be corrected. Receipt-books of such banks should of course be stamped.

A certificate of deposit, which is such on its face, and represents money actually deposited in a bank by the person to whom it is issued, is not considered liable to stamp tax. The money represented by such certificates should be returned and taxed as deposits.

Checks drawn on their own bank, by bank officers or clerks, for their salaries, should be stamped. "Cashiers' checks" in general, issued or delivered to outside parties for payments, etc., require stamps.

Checks drawn by bank officers, merely for the purpose of charging an account with items, as an inside transaction of a bank, but not *issued*, are held to be exempt.

Inland Bills of Exchange upon a bank, etc., and bills drawn in a foreign country upon a bank, banker, or trust company in the United States, should be stamped before being accepted, negotiated or paid.

Drafts or bills drawn in the United States upon a foreign country need not be stamped, not being "vouchers" in the meaning of the law while in this country. Interest coupons are exempt. Duplicates of bills, orders, etc., are liable the same as originals. Receipts not relating to bank business, for instance for rent, are exempt.

Checks drawn by a bank upon itself, for the purpose of paying its own dividends, and the dividends, coupons, or interest of other corporations, and *issued*, should be stamped.

Checks drawn by State, county or city officers, in their official capacity, upon public funds deposited in a bank, are exempt if said funds are kept separate from private accounts.

Section 15, of the Act of February 8, 1875, imposes a stamp tax of two cents upon a "bank check, draft, order or *voucher* for the payment of any sum of money whatsoever, drawn upon any bank, banker or trust company." This is the only stamp tax upon written instruments issued on or after October 1, 1872, now in force.

It imposes the tax upon checks, orders, etc., drawn on time, as well as those payable at sight or on demand; so, also, on receipts or other vouchers *substituted for checks, etc., as commonly used according to the custom of banks and merchants.*

Very respectfully,

J. W. DOUGLASS, *Commissioner.*

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE,
WASHINGTON, March 31, 1875.

Messrs. Knoblauch & Lichtenstein, No. 37 Broad Street, New York:

SIRS: In reply to yours of the 12th and 16th instant, that bills of exchange drawn abroad upon banks, bankers, or trust companies in this country are held to be liable to the two-cent stamp tax before being accepted, paid, negotiated or used in the United States:

Bills drawn in this country upon any parties in a foreign country are held to be exempt.

Very respectfully,
J. W. DOUGLASS, *Commissioner.*

THE RIGHT OF SEARCH FOR UNSTAMPED CHECKS.

OPINION OF THE SOLICITOR OF THE TREASURY.

DEPARTMENT OF JUSTICE,
OFFICE OF THE SOLICITOR OF THE TREASURY,
WASHINGTON, D. C., April 2, 1875.

To the Hon. B. H. Bristow, Secretary of the Treasury:

SIR: I have the honor to return herewith the letters of the 20th ultimo, received by you from the Comptroller of the Currency and referred to me, submitting for your decision the question as to the authority of Internal Revenue officers to examine the books and papers of National banks. The Comptroller represents that the Commissioner of Internal Revenue claims to find this authority in sections 3,163 and 3,177 of the Revised Statutes, but in the judgment of the Comptroller, section 5,241 exempts National banks from the operations of the sections just cited. Section 3,163 contains the following: "Every Supervisor under the direction of the Commissioner shall see that all laws and regulations relating to the collection of internal taxes are faithfully executed and complied with, and shall aid in the prosecution, detection and punishment of any frauds in relation thereto, and examine into the efficiency and conduct of all officers of Internal Revenue; and for such purposes he shall have power to examine all persons, books, papers, accounts, and premises, to administer oaths, and to summon any person to produce books and papers." Section 3,177 provides thus: "Any Collector, Deputy-Collector, or Inspector may enter in the day-time any building or place where any articles or objects subject to tax are made, produced, or kept, within his district, so far as it may be necessary for the purpose of examining said articles or objects." Section 5,241 provides that "No association shall be subject to any visitorial powers other than such as are authorized by the title or are vested in courts of justice." The remaining act provides for examinations to ascertain the condition of banks. It also provides for the appointment of receivers and for taking away their franchises in certain cases. Examiners do not inquire as to the stamping of checks. The bank's financial condition is not affected by the neglect of a depositor to stamp his check. The power conferred by the Internal Revenue act is not visitorial in the ordinary meaning of that term. The officers do not visit banks to report anything relative to their management. They simply desire to ascertain what evidence may be had of the evasion of the provisions, not of the Banking, but of the Internal Revenue, act. I am of the opinion that sections 3,163 and 3,177 confer authority as claimed by the Commissioner of Internal Revenue, and are not inoperative as to banks because of section 5,241 or any other statutory provisions.

Very respectfully,
(Signed) BLUFORD WILSON,
Solicitor of the Treasury.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements (cents omitted).

Debt Bearing Interest in Coin.

	March 1, 1875.		*April* 1, 1875.
Bonds at six per cent	$1,151,992,500	..	$1,149,135,900
Bonds at five per cent	572,137,750	..	574,252,750
	$1,724,130,250	..	$1,723,388,650

Debt Bearing Interest in Lawful Money.

Certificates of indebtedness at 4 per cent.	$678,000	..	$678,000
Navy pension fund at 3 per cent	14,000,000	..	14,000,000
	$14,678,000	..	$14,678,000
Debt on which interest has ceased	8,779,670	..	7,973,650

Debt Bearing no Interest.

Old demand and legal-tender notes	$382,072,147	..	$379,298,882
Certificates of deposit	45,855,000	..	43,045,000
Fractional currency	44,904,963	..	44,343,209
Coin certificates	22,269,400	..	24,191,900
	$495,101,511	..	$490,878,991
Total debt	$2,242,689,431	..	$2,236,919,292
Interest	26,426,738	..	29,048,419
Total debt, principal and interest	$2,269,116,170	..	$2,265,967,711

Cash in the Treasury.

Coin	$75,626,083	..	$84,105,520
Currency	10,319,097	..	5,182,412
Special deposit held for redemption of certificates of deposit, as provided by law	45,855,000	..	43,045,000
	$131,800,181	..	$132,332,933
Debt, less cash in the Treasury, March 1, '75	$2,137,315,989	..	
Debt, less cash " " April 1, '75	......	..	$2,133,634,778
Decrease of debt during the past month	$6,680,183	..	$3,681,210
Decrease of debt since June 30, 1874	5,772,251	..	9,453,462

Bonds Issued to the Pacific Railway Companies, Interest Payable in Lawful Money.

Principal outstanding	$64,623,512	..	$64,623,512
Interest accrued and not yet paid	646,235	..	969,352
Interest paid by the United States	26,264,102	..	26,264,102
Interest repaid by transportation of mails, &c.	5,724,214	..	5,943,748
Balance of interest paid by the U. S.	$20,539,888	..	$20,320,354

NATIONAL BANKS OF THE UNITED STATES.

March, 1875.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National banks of the UNITED STATES, at the close of business on the 1st of March, 1875,* and also on February 27th, 1874, and February 28th, 1873.

LIABILITIES.	1875. *March 1*, 2,027 *banks*.	1874. *February 27*, 1,975 *banks*.	1873. *February 28*, 1,947 *banks*.
Capital stock paid in	$496,172,901	$490,859,901	$484,551,811
Surplus fund	131,242,602	123,497,347	114,681,048
Undivided profits	51,645,885	50,236,919	48,578,045
National bank notes outstanding	324,618,914	339,602,955	336,292,459
State bank notes outstanding	824,876	1,078,988	1,368,271
Dividends unpaid	1,600,755	1,291,055	1,465,993
Individual deposits	647,667,627	595,350,334	656,187,551
U. S. deposits	7,961,648	7,276,959	7,044,848
U. S. disbursing officers	5,324,949	5,034,624	5,835,696
Due to National banks	137,716,424	138,435,388	134,231,842
Due to State banks and bankers	55,294,663	48,112,223	38,124,803
Notes and bills re-discounted	4,841,600	3,448,828	5,117,810
Bills payable	4,786,436	4,275,002	5,672,532
Aggregate Liabilities	$1,869,699,285	$1,808,500,529	$1,839,152,715
RESOURCES.			
Loans and discounts	$951,744,432	$897,859,600	$913,265,189
Overdrafts	4,656,098	....	....
U. S. bonds to secure circulation	380,582,650	389,614,700	384,675,050
U. S. bonds to secure deposits	14,242,200	14,600,200	15,035,000
U. S. bonds on hand	18,262,150	11,043,400	10,436,950
Other stocks, bonds, & mortgages	28,267,531	25,305,736	22,063,306
Redeeming and reserve agents	89,985,032	101,502,861	95,773,077
Due from other National banks	44,713,922	36,624,001	39,483,700
Due from State banks & bankers	12,724,194	11,496,711	13,595,679
Real estate, furniture and fixtures	39,424,280	36,043,741	34,023,057
Current expenses	7,788,564	6,998,875	6,977,831
Premiums paid	8,987,462	8,741,028	7,205,259
Checks and other cash items	11,733,476	10,269,955	11,761,711
Exchanges for Clearing-House	81,127,796	62,768,119	131,383,860
Bills of other National banks	18,876,558	20,003,251	15,998,779
Bills of State banks	30,922	....	....
Fractional currency	3,008,148	2,309,919	2,289,680
Specie on hand	16,667,023	33,365,863	17,777,673
Legal-tender notes	78,497,520	102,717,563	97,141,909
U. S. certif. for legal-tender notes	37,230,000	37,235,000	18,460,000
Three per cent certificates	....	....	1,805,000
Five per cent. redemption fund	16,712,212	....	....
Due from U. S. Treasurer other than 5 per cent. Red'n Fund	4,437,107	....	....
Aggregate Resources	$1,869,699,285	$1,808,500,529	$1,839,152,715

* This statement is exclusive of one bank in Wisconsin and one in Montana, from which reports have not yet been received.

BANKING AND FINANCIAL ITEMS.

THE BANKER'S DIRECTORY.—Attention is called to the Directory now to be found at the end of the BANKER'S MAGAZINE. It affords facilities and information to those who seek new correspondents in any section of the United States or Canada. By its means bankers can make known the special features of their business, or their readiness to attend promptly to collections. The space available for cards is devoted **exclusively** to those of **Banks and Bankers**, or such as are of immediate value to them. Miscellaneous advertisements are **not** received for this Directory.

Sagacious men will take advantage of the first signs of a return toward better times, by letting it be known that they have outlived the stormy days of adversity, and are now ready for new business.

A BANKERS' CONVENTION.—The idea of holding a general convention of bankers from different sections of the country, has several times been suggested by some of our correspondents, but the practical realization of this has not been generally looked for up to this time. It now appears, however, that such a Convention is really to be held during the coming summer, and that a committee of prominent bank officers in the principal cities will shortly issue notice to this effect. We heartily approve of this step, and trust that it may result in a large attendance and in manifest good to the banking interests of the country at large.

RESIGNATION OF TREASURER SPINNER.—The Hon. Francis E. Spinner, Treasurer of the United States since 1861, tendered to the President, on March 29th, his resignation, which was accepted, to take effect July 1. He is to be succeeded by Mr. John C. New, of Indianapolis, Cashier of the First National Bank of that city.

FIVE-TWENTY BONDS.—The Secretary of the Treasury issued, on April 20, a call (the seventeenth) for $5,000,000 coupon bonds of 1862 upon which interest will cease July 20. The following are the numbers in each case inclusive: $50—15,401 to 17,100; $100—40,001 to 44,200; $500—20,001 to 22,400; $1,000—66,001 to 70,950.

THE NATIONAL BANKS.—The Comptroller of the Currency has received eight applications for National banks since the 1st of April, amounting to $600,000, of which amount $200,000 was from Massachusetts, $100,000 from New York, $50,000 from New Jersey, $100,000 from Pennsylvania, $50,000 from Ohio, and $100,000 from California. During the same time the amount of applications for increased circulation from banks now organized was $315,000, of which amount $270,000 was from the Eastern and Middle States, and $45,000 from the Western States. The amount of legal-tender notes deposited for the purpose of surrendering bank circulation, since the 1st of April, is $949,275, of which amount $179,000 was surrendered by banks in the Eastern and Middle States, $112,000 by banks in the Southern States, and $657,800 by banks in the Western States. The total amount of legal-tender notes deposited to surrender circulation since the passage of the act of June 20, 1874, is $18,245,312. The amount of additional National bank circulation issued since the first of April is $626,230, and the total amount issued since the passage of the act of January 14, 1875, $4,182,830. The amount of National bank notes destroyed of banks which are in liquidation, or which have deposited legal-tender notes since the passage of the act of June 20, 1874, is $5,034,585. Forty-nine National banks have been organized since November 1, 1874, having a capital of $4,635,000.

PROMISSORY NOTES OF NATIONAL BANKS.—The following letter to the Cashier of a National bank in Chicago, gives the views of the Comptroller of the Currency with regard to the practice of some National banks in making time notes and offering them for discount:

TREASURY DEPARTMENT,
OFFICE COMPTROLLER OF THE CURRENCY,
WASHINGTON, D. C., March 12, 1875.

SIR: I have received your letter of the 9th inst, in which you say that it has been the practice of some National banks to offer time notes, made by themselves, for discount to the banks in your city; and you inquire whether banks are authorized under the National Bank Act to make such notes and offer the same for discount. The last paragraph of Sec. 23 of the act provides that no National bank shall issue post-notes, or any other notes to circulate as money than such as are authorized by the act; and Sec. 36 provides that no National bank shall at any time be liable to an amount exceeding the amount of its capital stock, except on account of its circulating notes, on account of its deposits, on account of bills of exchange or drafts drawn against money on deposit to its credit, and on account of liabilities to stockholders for dividends and reserved profits. The interpretation of this office is that, under these sections, National banks are prohibited from drawing time bills of exchange, and from issuing promissory notes of the Association.

Very respectfully, JOHN JAY KNOX, *Comptroller.*

INSOLVENT NATIONAL BANKS—INTEREST ACCRUING AFTER BANKRUPTCY.—In the United States Circuit Court, in the case of the Chemical National Bank *et al.* against the National Bank of the Commonwealth *et al.*, Judge Wallace has thus decided: "That where a National bank is wound up by a receiver, under direction of the Comptroller of the Currency, and a sufficient fund is realized from the assets to pay all claims against the bank and have a surplus, the creditors are entitled to interest on their claims during the period of administration, before the surplus can be appropriated to the stockholders of the bank. The bank cannot be permitted to say that a depositor should have made a demand when, if made, it would have been nugatory and useless. It has been held that in cases of insolvency, where a debt is payable on demand and no special demand is shown, interest is to be computed from the first publication of the proceedings in insolvency. Judgment is ordered for the plaintiffs against the bank."

FORGERIES.—On the 23d of March the German-American Bank, New York, cashed two forged checks purporting to be drawn by Hess Brothers & Co., for $12,500. The forgers are supposed to be two men who obtained from the firm, on the 2d, a check for $118, which was cashed on the 22d. Two men, arrested on suspicion, have been discharged.

UNSUCCESSFUL FORGERY.—On April 17th, a check for $19,400, purporting to have been drawn by Warden, Mitchell & Co., of Springfield, Ohio, was presented at the Nassau Bank by a young woman. She was detained long enough to ascertain by telegraphing to the ostensible drawers that the check was a forgery. She was arrested, but her accomplice escaped.

ARKANSAS.—A new bank has been organized at Little Rock, called the German Savings Bank, and has commenced business under a State charter, with a cash capital of $50,000. Its stockholders comprise some of the stanch business men of the place, among them being Messrs. George Brodie & Son, who retire from the banking business. The officers of the new bank are Messrs. C. F. Penzel, President; William Kirten, Vice-President; and Creed T. Walker, Cashier; New York Correspondent, Messrs. Donnell, Lawson & Co. Their card will be found at the front of our present number, instead of in the usual place.

DISTRICT OF COLUMBIA.—The firm of Sherman & Co. has been dissolved, and a new banking-house has been organized by Mr. John Sherman, Jr. (senior of the late firm), and Col. F. D. Grant, U. S. A. The latter gentleman intends to resign shortly his position in the army, and to devote his personal attention to the banking business.

THE CURRENCY SIXES.—We mention in our "Notes on the Money Market" that the currency sixes are now received at Washington as security for National bank circulation. The following is the official letter on the subject:

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
WASHINGTON, April 19, 1875.

GENTLEMEN: In reply to your letter of 16th inst., to Secretary of Treasury, relative to receiving "U. S. Currency Sixes," as security for circulating notes issued to National banks, you are informed that by a recent decision these bonds are now received for this purpose. Very respectfully,

J. S. LANGWORTHY, Deputy Comptroller.

To Messrs. Fisk & Hatch, New York.

MUTILATED UNITED STATES CURRENCY.—The Treasurer of the United States has announced in a circular the amended regulations for the redemption of United States currency, which take effect on May 1st. In the case of legal-tender notes, if less than one-tenth of the original proportion of the note is missing, the mutilation will be disregarded; if one-tenth of the note is missing, one-tenth of its face value will be deducted; if more than one-tenth and less than one-fifth is missing, one-fifth of the face value will be deducted; and so on, reckoning by tenths; but no note of which less than one-half of the original proportions is presented will be redeemed without evidence that the missing portion is totally destroyed. The same rule of proportionate redemption will be applied to mutilated fractional currency, with the substitution of one-fifth for one-tenth.

THE TWENTY-CENT COIN.—The designs of the twenty-cent silver piece were selected in April by Dr. Linderman, Director of the Mint. The obverse contains a sitting figure of Liberty with the word "Liberty" inscribed on the shield, the whole surrounded by thirteen stars, and beneath the figure the date "1875." On the reverse the figure of an eagle surrounded by the inscription. "United States of America," and beneath the eagle the words "twenty cents." The edge of the coin is perfectly smooth, in order to distinguish it the more readily from the twenty-five-cent coin, which bears a milled, fluted edge. The new piece is mainly designed for circulation on the Pacific Coast.

STOLEN BANK NOTES.—Notice was given to the Treasury Department early in April by the President of the National Hide & Leather Bank of Boston, that certain $10 and $20 notes had been stolen from the bank after being signed by him, but before receiving the Cashier's signature. The Department numbers of the notes were D. 22,900 to 22,953; the Bank numbers, 11,919 to 11,972. Several of these notes have recently been presented and rejected at the Redemption Agency of the Treasury, but instead of being signed by the President of the Bank, as supposed, both signatures were fictitious. The officers of the Bank are George Ripley, President, and George H. Jones, Cashier. The names upon the stolen notes were "E. A. Bates, President," and "P. J. Smith, Cashier." It is supposed that the thieves signed these fictitious names for the purpose of avoiding the penalties of forgery.

DANGEROUS COUNTERFEITS.—The only dangerous counterfeit National bank-notes in circulation, of the denomination of $5, are the issues of Chicago banks, viz: The Traders' National Bank, the First National Bank, the Third National Bank, and the Merchants' National Bank. These counterfeits are exceedingly well done and calculated to deceive. All but eight thousand of the notes of the Traders' and the First National Banks of Chicago have been retired; the notes of this denomination of all four of these banks are being rapidly redeemed in the redemption office of the Treasury, and no additional notes of the denomination of $5 will be issued to these banks. The public generally should refuse notes of the denomination of $5 of these banks, and all National banks are requested to return to the Treasurer, for redemption, in their packages of mutilated notes, all $5 notes issued by these associations.

GEORGIA.—The Merchants and Planters' National Bank of Augusta, finding business unprofitable, has resolved to wind up. It is said that the assets will divide $120 to each share.

DIVIDENDS.—The Washington City Savings Bank, which failed eighteen months ago, paid on April 2d a further dividend of 15 per cent. of its indebtedness; in all, 75 per cent. since the failure. The assets to be realized will, it is thought, pay the full amount due depositors.

The Comptroller of the Currency has declared a further dividend of ten per cent. in favor of the creditors of the First National Bank of Washington, payable on the 14th of April.

ILLINOIS.—The First National Bank of Pekin has gone into voluntary liquidation, and is prepared to pay all demands against it on presentation.

Messrs. F. W. Leonard and B. F. Blossom, who have been officers of this bank since its organization in March, 1866, have established a banking-house under the name of Leonard & Blossom, which will succeed to the business of the First National Bank. With ample capital and experience they offer prompt attention to the business of correspondents for that point. Their card, with references at New York and Chicago, will be found at the end of this number.

The Manufacturers' National Bank of Chicago.—The receiver of the Manufacturers' National Bank, which suspended September, 1873, states that the "bills receivable" are utterly worthless. The "bonds," amounting to $66,200, comprise 585 shares of the bank itself, which are entirely worthless, and the balance in Clifton House bonds, which are no better. The charging "furniture" at $7,400 is an attempt to give to airy nothing a local habitation it does not possess, at least so far as the receiver's researches have extended. The "teller's cash" also is made up of sundry items which properly belong to profit and loss. The receiver's conclusion is that it will not pay to attempt to collect the assets in his hands, as they will not pay the cost of collection. —*Chicago Tribune, 6th.*

IOWA.—Messrs. Collins & West have established a banking-house at Clarinda, Page County, and offer their services, in a card at the end of this number, to those having business for that vicinity.

KENTUCKY.—On Wednesday night, March 31st, the First National Bank of Covington, Kentucky, was entered by burglars, who penetrated the vault through the floor of the Odd-Fellows' Hall above it. This floor was forced by powerful instruments, and an attempt then made to blow open the safe with powder. The rivets were sprung and the seams all started. Heavy explosions were heard during the night, but the cause was not suspected, nor was any discovery made until the bank was opened for business the next morning. All the plaster had fallen from the ceiling by the force of the concussion, and the entire outfit of the burglars was found, indicating a precipitate flight just on the verge of success, as a few more blasts must have burst the safe, and exposed the funds it contained.

MARYLAND.—The Drovers and Mechanics' Bank of Baltimore has begun business under favorable auspices. Its principal dealings are with shippers of Southern and Western live-stock and other products, to whom it offers ample facilities. The President is Mr. Jacob Ellinger, and the Cashier Mr. J. D. Wheeler, Jr., late of the First National Bank of Baltimore.

Baltimore.—Messrs. Middendorf & Oliver have established at No. 85 Second street, Baltimore, an office for the transaction of a commission business in stocks, bonds and gold, and for the negotiation of loans, commercial paper and foreign exchange.

The card of this house, as well as that of the new Farmers and Drovers' Bank, will be found in the *Banker's Directory* at end of this number.

MASSACHUSETTS.—The annual meeting of the Boston Clearing-House Association was held April 12th, James H. Beal being chosen Chairman, and H. B. Graves, Secretary. By the report of the Manager it appears that the exchanges for the year ending March 31st, amounted to $2,516,166,339, and the balances received and paid for the same time amounted to $306,665,105. The daily average, about $1,000,000 in money, thus effects the daily payment of some $8,400,000.

THE DIVIDENDS of the Boston banks declared in April show an average of about five per cent. for the past six months.

New Bedford.—The committee of the creditors of S. P. Burt, banker, who recently suspended, have valued the assets at $386,934.53, and the liabilities at $348,538.12, leaving a surplus of $38,396.41. The valuations rated on the assets it was believed would be more than realized in a reasonable time. The committee have recommended that the estate be wound up by Mr. Burt, with as much dispatch as the interests of the creditors would allow, under the direction of an advisory committee. At a meeting of the creditors, held in April, this recommendation was agreed to.

New York.—Mr. William Gould, President of the National Albany Exchange Bank, having resigned on account of impaired health, Mr. C. P. Williams, formerly Cashier, has been elected President, and Theodore L. Scott, late Assistant Cashier, has been appointed Cashier.

Attempted Robbery.—On the evening of Sunday, March 28th, it was discovered that rooms in the buildings adjoining the Long Island Bank, Fulton street, Brooklyn, had been occupied by bank robbers, who had torn up the floors, made excavations, and had reached the vault doors, which they had already sprung almost off their hinges. A Mr. Powell, of whom the robbers had hired the adjoining rooms, while passing at dark, met one of the unknown parties and asked to be allowed to enter the place to obtain what he had left there. The fellow handed him the keys saying he was going to New York. Powell thus discovered the attempt, but the man had fled. A large quantity of jimmies, files, powder, sledges, chisels, rubber shoes, a gag and other things were found. In a few hours the object of the robbers would have been attained. They had apparently been at work quietly for a fortnight.

Ohio.—The Second National Bank of Youngstown, Mahoning County, has commenced business with a capital of $200,000. The officers are: Henry Tod, President; T. K. Hall, Vice-President; and George J. Margerum, Cashier. Their New York correspondent is the First National Bank.

Pennsylvania.—An act relative to days of grace on negotiable paper has passed the Legislature as follows:

Be it enacted, That days of grace shall be allowed upon all bills of exchange, drafts, promissory notes or other instruments negotiable by the laws of this commonwealth, excepting only bills of exchange and drafts drawn at s ght, and checks drawn upon banks or bankers, whether payable upon presentation or upon some day or time subsequent to the date of issue.

Vermont.—The Directors of the Lamille County National Bank at Hyde Park, Vermont, have voted to increase its capital stock by $50,000.

The Irasburgh National Bank of Orleans, Vermont, is reported as being about to close up its business.

Bank Officers Arrested.—John E. Bosseaux, President, and Thomas S. Ormstead, Cashier, of the Dollar Savings Bank, of Richmond, Va., which collapsed during the panic in 1873, were arrested April 3d, charged with embezzling $4,000 of the funds of the bank, and with making fraudulent entries.

Forgery.—The Halifax Banking Company paid, on March 29th, $6,000 in gold on a forged letter of credit for $50,000, purporting to be issued by Moses Taylor & Co., of New York, in favor of R. Luting, who arrived in a steamer from Boston. On receipt of the $6,000 Luting disappeared.

Final Defeat of the Tax on Borrowed Money.—Bailey, Collector, *vs.* Clark, Dodge & Co.; Same *vs.* Frank Work. Error to the Southern District of New York.—In these cases the Collector undertook to collect the internal revenue tax upon money temporarily borrowed by the bankers in the course of their business. The decision is that the term "capital employed" by a banker, in the business of banking, in the 110th section of the Revenue Act of 1866, does not include moneys borrowed by him from time to time, temporarily, in the ordinary course of his business. It applies only to the property or moneys of the banker set apart from other uses and permanently invested in the business. The decision of the District Court was affirmed. Mr. Justice Field delivered the opinion. For comments see page 840.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List; continued from April No., page 818.)

Place and State.	*Name of Bank.*	*N. Y. Correspondent.*
Little Rock, ARK....	German Savings Bank......	Donnell, Lawson & Co.
Oakland, CAL........	First National Bank.......	....
West Las Animas, COL	Bent County Bank.........	....
Madison, GA	Robson & Metcalf.........	Duncan, Sherman & Co.
Havana, ILL....	Havana National Bank.....	....
Fairfield, " ...	Forth, Robinson & Co......	....
Quincy, " ...	German-American Bank....	Importers & Tra. Nat. Bank.
Metamora, " ...	J. W. Page & Co..........	Kountze Brothers.
Pekin, " ...	Leonard & Blossom........	Merchants' Exchange N. B.
South Chicago " ...	Bank of South Chicago....	N. Y. State Loan & Tr. Co.
Altamont, " ...	Altamont Bank............	Kountze Brothers.
Auburn, IND........	First National Bank.......	....
Malvern, IOWA......	First National Bank.......	....
Bloomfield, "	Davis County Bank........	Kountze Brothers.
Clarinda, "	Collins & West............	George Opdyke & Co.
Dexter, "	Conger, Pierce & Co......	Kountze Brothers:
Des Moines, "	Polk & Hubbell...........	Kountze Brothers.
Lineville, "	Farmers & Merchants' Bank	Kountze Brothers.
Baxter Springs, KAN.	Baxter Bank	Donnell, Lawson & Co.
Marion Center, " .	Bank of Marion Center....	George Opdyke & Co.
Mayfield, KY.....	First National Bank.......	....
Catlettsburg, "	Witten & Davidson.........	National Park Bank.
Grayson, "	Grayson Banking Co.......	Fourth Nat. Bank, Cincinnati.
Baltimore, MD.......	Middendorf & Oliver	Hallgarten & Co.
Benton Harbor, MICH.	Conger Brothers...........	Kountze Brothers.
Evart, " .	Lumberman's Bank........	Leonard, Sheldon & Co.
Lapeer, " .	J. M. Wattles & Co.......	First National Bank.
Tupelo, MISS.........	Exchange Bk. (F. M. Goar)	....
Independence, MO...	Brown, Hughes & Co......	Donnell, Lawson & Co.
Maryville, " .	Baker, Saunders & Co.....	Donnell, Lawson & Co.
St. Louis, " .	Augustus B. Hart & Co. ...	National Currency Bank.
Waverly, " .	Waverly Bank.............	Donnell, Lawson & Co.
Nashua, N. H	Second National Bank.....	....
Clinton, N. J	First National Bank.......	American Exchange Nat. Bk.
Plainfield, "	City National Bank........	....
Amsterdam, N. Y...	Manufacturers' Nat. Bank..	....
Randolph, " ...	State Bank of Randolph...	Importers & Tra. Nat. Bank.
Windsor, " ...	Windsor Bk. (G. Dusenbury)	National Currency Bank.
Arcanum, OHIO.....	Bank of Arcanum.........	*None.*
Allegheny City, PENN.	Third National Bank	Third National Bank.
Jenkintown, " .	Jenkintown National Bank..	....
Pittsburgh, " .	Diamond National Bank...	....
" " .	Marine National Bank.....	....
Millerstown, " .	German National Bank	....
Sharon, " .	Sharon National Bank.....	Ninth National Bank.
Chartiers Boro', " .	Robert P. Burgan.........	*None.*
West Fairview, " .	West Fairview Savings Bank	....
Milwaukee, WIS......	Belcher & Co..............	White, Morris & Co.
Green Bay, "	Green Bay Savings Bank ..	First National Bank.
Kenosha, "	Dan Head & Co.............	Central National Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized March 25 to April 17, 1875.

The Report of the Comptroller of the Currency for 1874 shows the number of National Banks which had been organized on November 1st of that year, was 2,200. Since that date 49 new banks have been authorized to commence business, their aggregate capital being $4,635,000. The names of these have been given as organized, each month, in the BANKER'S MAGAZINE, the list being completed as below:

No.	*Name and Place.*	*President and Cashier.*	*Capital. Authorized.*	*Capital. Paid.*
2238	First National Bank, Auburn, IND.	Joseph R. Lanning.. James V. Hazzard.	$50,000	$35,000
2239	Manufacturers' Nat. Bank, Amsterdam, N. Y.	Adam W. Kline ..... Charles De Wolfe.	100,000	50,000
2240	Second National Bank, Nashua, N. H.	Jeremiah W. White.. Walter A. Lovering.	100,000	50,000
2241	German National Bank, Millerstown, PENN.	Charles Duffy........ John Walker.	50,000	50,000
2242	Havana National Bank, Havana, ILL.	Francis Low.......... Newton C. King.	50,000	50,000
2243	City National Bank, Plainfield, N. J.	Elias R. Pope .... Joseph M. Myers.	150,000	75,000
2244	Sharon National Bank, Sharon, PENN.	Joseph Forker...... Michael Zahniser.	200,000	100,000
2245	First National Bank, Mayfield, KY.	Henry S. Hale ..... Robt. T. Albritton.	100,000	50,800
2246	First National Bank, Clinton, N. J.	Robert Foster....... N. W. Voorhees.	100,000	55,430
2247	First National Bank, Malvern, OHIO.	J. M. Strahan .... L. Bentley.	50,000	30,000
2248	First National Gold Bank, Oakland, CAL.	B. F. Ferris.......... G. M. Fisher.	100,000	50,000
2249	Jenkintown National Bank, Jenkintown, PENN.	Samuel W. Noble.... Andrew H. Baker.	50,000	37,780

THE PREMIUM ON GOLD AT NEW YORK,

MARCH—APRIL, 1875.

1874.	*Lowest.*	*Highest.*	1875.	*Lowest.*	*Highest.*	1875.	*Lowest.*	*Highest*
January	10⅛	12½	Mar. 22	16⅛	16¼	April 7	14⅝	14¾
February	11⅜	13	23	16	16⅜	8	14⅝	15
March	11¼	13⅝	24	15½	15⅞	9	15	15⅜
April	11¾	14⅜	25	15½	16	10	15⅛	15¼
May	11⅞	13⅛	26	Holiday.				
June	10½	12¼	27	16⅛	16¼	12	15¼	15⅜
July	9	10⅞				13	14⅞	15⅜
August	9¼	10¼	29	16⅜	17	14	15	15¼
September	9¾	10¼	30	14⅞	16⅞	15	15⅛	15¼
October	9¾	10⅜	31	14⅜	14⅞	16	15	15¼
Nov.	10	12⅜	April 1	14⅛	14¾	17	15	15⅛
Dec.	11⅛	12⅜	2	14	14½			
1875.			3	14⅜	14¾	19	15	15⅛
January	11¾	13⅜				20	15⅛	15¼
February	13¼	15⅜	5	14½	14¾	21	14¾	15⅛
March	14½	17	6	14⅝	14⅞	22	14⅞	15

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from April No., page 817).

APRIL, 1875.

Name of Bank.	*Elected.*	*In place of*
First N. Gold B., San Francisco, CAL.	R. C. Woolworth, *Cash.*	N. K. Masten.
Shetucket Nat. Bank, Norwich, CONN.	Clar. J. Fillmore, *Cash.*	J. L. Devotion.
Merchants' Nat. Bank, Savannah, GA.	J. L. Villalonger, *Pr. p. t.*	Henry Brigham.
Planters' Loan & S. B., Augusta, "	J. T. Newbery, *Cash.*	Joseph S. Bean, Jr.
First National Bank, Peoria..... ILL.	John C. Proctor, *Cash.*	Hervey Lightner.
People's Sav. Bank, Rockford.. "	Geo. H. Trufant, *Cash.*	D. H. Ferguson.
First National Bank, Union City, IND.	J. S. Johnson, *Pres.*	....
Citizens' Nat. Bank, Davenport, IOWA.	E. S. Carl, *Cash.*	Hugo Schmidt.
First National Bank, Grinnell.. "	H. Lawrence, *Cash. p. t.*	C. H. Spencer.
Howard Bank, Baltimore....... MD.	Samuel Edmonds, *Pres.*	Peter Kephart.
Mt. Holly Nat. Bk., Mt. Holly, N. J.	O. H. P. Emley, *Pres.*	T. D. Armstrong.
N. Albany Exchange Bk., Albany, N. Y.	C. P. Williams, *Pres.*	Wm. Gould.
" " " "	Theo. L. Scott, *Cash.*	C. P. Williams.
Flushing and Queens County Bank..... Flushing, "	Wm. B. Draper, *Pres.*	Morris Franklin.
Barto & Co.'s Bk., Trumansburgh, "	H. L. Hinckley, *Cash.*	Geo. T. Spink.
First National Bank, Sidney, OHIO.	W. R. Moore, *Cash.*	Chas. C. Weaver.
Columbia Nat. Bank, Columbia, PA.	George Bogle, *Pres.*	John Cooper.
Keystone Bank, Philadelphia.. "	Th. Altman, *Act'g Pres.*	C. M. Clingan.
Phenix Nat. Bank, Providence, R. I.	Geo. E. Martin, *Cash.*	Benj. White.
First National Bank, Columbia, TENN.	Lucius Frierson, *Cash.*	J. B. Childress.
First National Bank, Denison, TEXAS.	John Scullin, *Pres.*	A. D. Jaynes.
Northfield Nat. Bank, Northfield, VT.	Geo. Nichols, *Pres.*	Alvin Braley.
Planters' National Bank, Danville, VA.	W. N. Shelton, *Act' V. P.*	....
National Bank of Fredericksburg, "	John M. Wallace, *Cash.*	Wm. Ware.
Mercantile Bank of Norfolk.... "	W. H. Burroughs, *Pres.*	Wm. J. Baker.

DISSOLVED, DISCONTINUED, OR CHANGED.

(Monthly List, continued from April No., page 819.)

ARKANSAS.—George Brodie & Son, *Little Rock* (now German Savings Bank).

DIST. OF COLUMBIA.—Sherman & Co., *Washington* (now Sherman & Grant).

GEORGIA.—Benjamin W. Robson, *Covington* (now Robson & Metcalf); William L. Lampkin & Co. and B. Pye & Son, *Forsyth* (suspended); Merchants & Planters' National Bank, *Augusta* (winding up).

ILLINOIS.—Bank of Kewanee, Platt & Kellogg, *Kewanee* (suspended); Mason City Bank, *Mason City* (now owned by F. N. Smith & Co.); S. M. Benedict, *Buda* (now S. M. Benedict & Son); T. Bailey, *Camp Point* (now Bailey & Seaton); First National Bank, *Pekin* (in liq., succeeded by Leonard & Blossom).

KANSAS.—Western Financial Association, *Alma* (closed).

MASSACHUSETTS.—C. H. Bennett & Co., *Boston* (now C. H. Bennett).

MICHIGAN.—R. C. Paine, *Niles* (deceased and business discontinued); Miners' Bank, D. G. Stone, *Negaunee* (discontinued).

MISSOURI.—A. H. Shindler & Co., *Waverly* (succeeded by Waverly Bank).

NEW YORK.—Earl & Newton, *Sandy Creek* (diss'd, now O. R. Earl's Bank).

PENNSYLVANIA.—Allegheny Real Estate Bank, *Allegheny City* (now Third National Bank); Farmers and Mechanics' Bank, *Shippensburgh* (suspended).

NOTES ON THE MONEY MARKET.

NEW YORK, APRIL 22, 1875.

Exchange on London, at sixty days' sight, 4·87 a 4·87½ in gold.

The usual course of the money market during the month of April has been repeated this year. The large aggregates of currency which have been employed for the 1st April payments come back to the financial centers, and the ease of money is correspondingly increased. This year, from obvious causes, much less currency than usual has been sent to the interior to meet these Spring payments, which are annually made in Pennsylvania, New Jersey, New York, and Ohio. Consequently the money market was not rendered stringent last month, as was expected. But the flow of currency from the country has begun to set in, and the rates for loans have already begun to show a disposition to recede. The rates for first-class commercial paper are 5 to 6½. Call loans are 3 to 5 per cent. on stock collaterals, and 2 to 3 per cent. on Governments. The Clearing-House banks show an increase in their reserve, as will be seen from the subjoined statement:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Exchanges.*
Mar 15....	288,446,000	7,075 900	51,342,900	22,229,000	223.501,200	507,842,347
" 22....	283.358,100	7,268,800	52,131,800	22 231,900	218,419,300	425,078,449
" 29....	279,052,800	8,282,800	51,899.500	21,534,800	214,724.500	419,438,325
April 5....	279.554,600	9,665,500	49,836,800	21,438,500	214,876,100	602,703,286
" 12....	278,263,200	14,524,500	48,419,900	21,506,800	215,893,700	490,196,720
" 19....	277,964,500	14,013,200	50,290,000	21,332,800	218,406,900	462,114,850

From this table, it will be seen that the deposits have increased to 218 millions, and that the excess of reserves above the legal requirement is now $9,701,475. Furthermore, as the statement is made up on rising averages, the actual condition of the banks is stronger than appears from these figures. Similar deductions might be made from the statement of the Boston banks, which compare as follows:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
March 29.......	132,546,400	533,700	8,710,600	73,999,500	24,214,400
April 5	131,855.100	546,200	8,558,000	75,031,400	24,584,900
" 12.........	132,260,300	613,200	8,537,500	75,314,500	24,777,100
" 19.........	132,312,000	613,300	8,570,300	75,586.600	24,845,600

The Philadelphia banks, though their movements are less active, show similar indications of the plethora of capital and the accumulation of floating funds awaiting investment. The statements show the following results:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
March 29	59,407,900	132,184	16,023,336	46,745,736	11,375,592
April 5.........	60,710,767	138,292	14,956,074	47.326,835	11,347,680
" 12.........	60,956,090	136,100	15,102,371	47,979,772	11,428,523
" 19.........	61,179,657	175,611	15,250,161	49,273,430	11,443,291

The Stock Exchange has exhibited considerable activity. Government securities are in demand, partly on speculation, but to a great extent from legitimate investors. The demand for ten-forties has been stimulated by the fact that they are pre-

ferred by many banks for deposit against circulation at Washington. The currency sixes have also, for a similar reason, shown a considerable amount of activity. Mr. Bristow has lately reversed the decision of Mr. Boutwell against receiving these currency sixes as security for circulation. As they are a long bond, they would be an extremely good investment, with gold at par.

In State stocks there is little doing. Railroad bonds show considerable activity, as the accumulation of capital has caused a good demand for sound investment securities. The best railroad bonds are thus strong and higher, but the weak and discredited companies are still neglected, though vigorous attempts are made to attract to them the public attention. Railroad shares are less excited, and the recent speculation has not as yet been followed by the anticipated reaction. Still, at present, the average business of the Stock Exchange is reported at over a million shares a week, or four millions a month, equal to a par value of nearly $50,000,000 a year in railroad shares alone. Subjoined are our usual quotations:

Quotations:	*March* 27.	*April* 2.	*April* 8.	*April* 15.	*April* 22.
Gold	116	114⅜	115	115⅛	114¾
U. S. 5-20s, 1867 Coup.	120⅛	119⅞	121⅛	121⅝	121⅞
U. S. new Fives Coup.	115⅜	114¾	115⅝	116⅜	116½
U. S. Currency Sixes	119¼	119⅛	119⅞	121	124⅛
West. Union Tel. Co.	70⅝	77¾	78⅜	77¼	77¾
N. Y. C. & Hudson R.	100⅞	100¾	101⅝	101¼	102
Lake Shore	74½	74	74⅝	73¾	71¾
Chicago & Rock Island	106	106½	103¼	103⅜	103¼
New Jersey Central	111¼	112¼	112¾	112¾	113
Erie	30½	31	30	31⅜	31⅛
Bills on London	4.82	4.84½	4.85½	4.86½	4.87
Treasury balances, cur.	$45,978,045	$42,790,884	$42,141,097	$43,034,086	$41,854,825
Do. do. gold	53,479,004	55,343,458	56,686,062	58,917,406	60,454,454

Subjoined is a list of dividends of different corporations: New York Central and Hudson Railroad, two per cent. quarterly, payable April 15; Panama Railroad, three per cent. quarterly, April 15; Chicago and Rock Island, four per cent., April 27; Western Union Telegraph, two per cent. quarterly, April 15; Delaware, Lackawana and Western, two and a-half per cent. quarterly, April 20; Dubuque and Sioux City Railroad, two and a-half per cent. quarterly, April 26; Central Railroad of New Jersey, two and a-half per cent. quarterly, April 20; Pacific Railroad of Missouri, one and a-half per cent. quarterly, April 20.

The question of defaulting railroads is much discussed in connection with the revival of railroad enterprise. The total amount of the defaulting bonds is reported as reaching $597,624,000, and the number of defaulting companies at 129. Of this sum it is variously estimated that from 130 to 170 millions are held in Europe. By a recent State report we find that there are thirteen bankrupt railroad companies in Illinois, according to the Committee on Railroads in the Legislature of that State. The roads represent a total of 2,287 miles of track, and with an aggregate debt of about $64,500,000, an average of over $28,000 per mile. Included in this debt is the sum of about $1,500,000 of due and unpaid State and local taxes. The Committee concur in recommending that the State Treasurer make a demand upon the Receivers for payment, and, this failing, to petition the courts in the usual way for an order of levy and sale.

Foreign exchange has exhibited considerable changes during the month. The price of banker's sterling has risen from 4·82 *a* 4·83 a month ago to 4·87 *a* 4·87½ to-day, closing firm, with a tendency to a further improvement.

Gold has receded from the high premium current in March, and a brisk speculation has reduced the price to 114⅜. An advance has since begun on the expectation of an export demand to Europe in consequence of the depletion of the Bank

of England coin reserve. The total Exports of 1874 from the United States to Foreign Ports compare as follows with former returns:

	1872.		1873.		1874.
Domestic produce	$452,143,553	....	$550,098,492	....	$553,929,342
Foreign do.	16,694,395	....	17,659,375	....	15,943,211
Foreign specie	8,391,688	....	7,308,829	....	6,182,682
Domestic specie	92,295,236	....	56,263,496	....	66,544,393
Total exports	$569,524,872	....	$631,330,192	....	$642,599,628

Some months ago we pointed out the dangers which were threatening our export trade in breadstuffs from the mistaken policy of our farmers, and from a speculation which advanced the prices of leading staples above the shipping point. Our predictions, unfortunately, were verified, and our exports of wheat have been for some months smaller than they ought to have been. On the Continent and in Great Britain they are obtaining supplies from granaries other than ours. To demonstrate this fact, we compare the quantities estimated to be afloat and bound to Great Britain, and the quantities exported from this port to all countries for 1874 and 1875, as follows:

	1874.		1875.
Afloat, bound to Great Britain, April 3—quarters	1,335,870	......	1,507,000
Exports from New York since January 1—bushels	7,620,000	......	4,460,000

The total Foreign Commerce of the United States was done with the following countries during the year 1874:

	Imports from		*Exports to*
Great Britain	$168,718,742	......	$379,341,890
France	60,653,838	......	50,212,296
Germany	40,756,468	......	64,654,012
Canada	35,308,348	......	40,875,154
Brazil	43,327,922	......	8,551,997
China and Japan	24,927,003	......	3,195,262
British North America	371,755	......	1,647,696
British West Indies	4,182,377	......	8,027,345
Other West Indies	4,186,237	......	3,091,830
East Indies	21,574,229	......	1,466,882
Mexico	12,091,998	......	6,249,163
Holland and Belgium	8,782,054	......	28,664,368
Cuba and Porto Rico	82,372,509	......	24,607,561
All others	70,116,231	......	81,944,410
Total	$577,369,711	......	$702,529,866

To show the proportion of our foreign commerce done in American ships we give the following statistics of the value of goods carried to and from foreign ports and the United States in the three years before the war, as compared with the last three years on our list, indicating the part which went in American ships under the American flag. The first three years are fiscal years:

CARRYING TRADE OF THE UNITED STATES.

	Value carried in American ships.		*Total value of goods imported and exported.*
1857-8	$447,191,304	......	$607,357,571
1858-9	465,741,381	......	695,557,592
1859-60	507,247,757	......	762,288,550
1872	358,225,415	......	1,299,426,796
1873	326,207,577	......	1,327,489,612
1874	336,603,408	......	1,279,899,577

Before the war more than two-thirds of all the carrying trade was done in American vessels under our own flag, while now we do only one-fourth of the transportation in our own ships. The change is caused in part by the supplanting of sailing vessels by steamers, but in part it is due to preventable causes.

On the Savings banks of France, the *Journal Officiel* says that on the 1st of January in last year there were 2,079,196 depositors in 508 of these institutions, whose investments were 535,096,737 francs, or $107,019,347, in addition to which 182,299,766 francs, or $36,459,953, had been withdrawn during the year preceding. As it is very much the practice with depositors in French Savings banks to withdraw their capital when it amounts to about 500 francs, for the purpose of investing it in Government Rentes or obligations of the City of Paris, it may be considered that the above amounts combined represented the invested savings of the humbler classes among the French people. From this it would appear that there are upwards of two million persons in the lower ranks of French society whose united savings amount to more than seven hundred millions of francs, or twenty-eight millions sterling, and who prudently prefer the positive, though insignificant, interest of 3½ per cent. to the high but uncertain profits promised by glowing speculations. These two millions of depositors are composed of working-men, domestic servants, clerks, and assistants, small masters, little shopkeepers, and the like, soldiers and sailors, benefit societies, and minors of both sexes. During 1873, 75,795 working-men paid into these banks as much as 15,144,567 francs, or $3,028,913, while 35,272 domestic servants deposited no more than 5,845,628 francs, or $1,169,125, and 57,614 persons following various occupations, 14,556,609 francs, or $2,911,322. It is evident, therefore, that a considerable proportion of the existing classes of French working-men are distinguished for prudence: their yearly savings averaged nearly 200 francs, or $40, per head, whereas those of the domestic servants were only 165 francs, or $33. In 1835, when the Savings banks were legally constituted, the depositors were in the proportion of four to every 1,000 of the population. Ten years later they had risen to 20 in the 1,000; but in 1855 they had only increased to 25. During the Empire, however, the progress was more rapid, the proportion in 1865 being as many as 44; while in 1873, spite of the recent national misfortunes, the stagnation of trade, and high taxation, the depositors had steadily increased, numbering no less than 57 in the 1,000.

With regard to the contraction of the National Bank currency due to the financial legislation of June 20, 1874, and January 14, 1875, a morning paper lately said that "the solvent National banks which have surrendered their circulation and deposited greenbacks with which to redeem it, may redeposit bonds, withdraw the greenbacks, and resume their circulation."

This is not strictly correct. The error is one which many persons have entertained. It is corrected by one of our financial authorities, Mr. John Thompson, Vice-President of the First National Bank of this city. He writes as follows:

"Banks that have surrendered their currency by depositing United States notes cannot reclaim the United States notes. They can only regain their former position by redepositing bonds and taking out National currency, and against that reissue of National currency the 80 per cent. of legal tenders must be withdrawn, until the outstanding greenbacks fall to $300,000,000. This lays the foundation for a more active and positive contraction than would take place under the construction of the law which you give. Banks that have deposited legal tenders and withdrawn their bonds can resume their position only by taking out new currency.

"To place the question simply before the public, the subjoined table shows the positive contraction that has taken place since the passage of recent acts of Congress, made up on the 1st of April, as follows:

	April 1.
National bank notes contracted by depositing greenbacks	$17,296,037
Less new National bank circulation issued up to April 1, 1875	3,556,600
	$13,739,437
Add greenbacks retired, viz., 80 per cent. on $3,556,600 new National Bank circulation issued up to date, April 1	2,845,280
Absolute contraction from June 20, 1874, to April 1, 1875	$16,584,717

"Since the 1st of April there has been an active continuance of the same movement. and at this date the positive contraction is $17,000,000 in round figures."

The Foreign Imports at New York in March compare as follows:

	1873.		1874.		1875.
Entered for consumption	$18,625,391	....	$18,498,458	....	$15,821,051
Entered for warehousing	12,697,010	....	11,761,814	....	11,458,257
Free goods	11,303,532	....	12,188,280	....	8,248,598
Specie and bullion	814,688	.. .	150,894	....	2,761,677
Total entered at port	$43,440,621	....	$42,599,446	....	$38,289,583
Withdrawn from warehouse	12,192,307	....	10,252,756	....	8,714,383

The Foreign Imports at New York for nine months, ending March 31, are nearly equal to those of 1874, and fall short of the aggregate of 1872 by 45 millions of dollars.

	1873.		1874.		1875.
Six months	$199,326,050	....	$177,517,854	....	$175,110,736
January	37,803,691	....	30,310,679	....	24,831,250
February	38,860,517	....	35,439,638	....	36,923,360
March	43,440,621	....	42 599,446	....	38,289,583
Total nine months	$319,430,879	....	$285,867,617	....	$275,154,929
Deduct specie	5,879,210	....	16,886,598	....	8,074,782
Total merchandise	$313,551,669	....	$268,981,019	....	$267,080,147

The Duties received at the port of New York are reported below:

	1873.		1874.		1875.
Six months	$64,393,092 93	..	$53,535,419 05	..	$54,213,434 16
In January	10,763,626 44	..	10,042,084 05	..	8,072,846 12
In February	12,893,637 89	..	10,186,365 08	..	11,811,046 95
In March	12,101,274 64	..	10,793,792 81	..	10,323,619 78
Total nine months	$100,151,631 90	..	$84,557,660 99	..	$84,420,947 01

The total Exports from New York to Foreign Ports in the month of March are as subjoined:

	1873.		1874.		1875.
Domestic produce	$21,045,792	....	$22,099,528	....	$18,669,717
Foreign merchandise, free	331,644	....	191,435	....	351,906
do. dutiable	604,773	....	618,255	....	560,539
Specie and bullion	3,570,432	....	2,537,822	....	3,142,066
Total exports	$25,552,641	....	$25,447,040	....	$22,724,228
do. exclusive of specie	21,982,209	....	22,909,218	....	19,582,162

The total Exports, exclusive of specie, from New York to Foreign Ports, for nine months ending with March 31, compare as follows:

	1873.		1874.		1875.
Six months ending January 1	$130,400,814	....	$160,757,524	....	$140,508,524
January	20,050,550	....	23,455,638	....	19,291,403
February	21,139,002	....	20,725,611	....	18,111,985
March	21,982,209	....	22,909,218	....	19,582,162
Total produce	$193,572,575	....	$227,847,991	....	$197,494,074
Add specie	49,213,008	....	29,019,569	....	48,905,477
Total exports	$242,785,583	....	$256,867,560	....	$246,399,551

THE

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AND

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THE PUBLIC DEBT AND ITS LIQUIDATION.

Several causes have tended of late to attract the public attention at home and abroad to the heavy liquidation which has been effected of the National debt of the United States. The recent budget of the English Chancellor of the Exchequer has suggested to several of the London newspapers to contrast the financial policy of this country with that of Great Britain. We must do our leading contemporaries the justice to acknowledge that their comments for the most part are not tinged with the prejudice which has sometimes disfigured English essays on American finance. The London *Times* takes occasion to blame the supineness of European statesmen and of British Cabinets, and says of the efforts we have made to pay off our National debt that "the United States in this respect shows the high spirit of a nation conscious of a great destiny, and anxious, above all things, that no shortcomings of the present generation shall interfere with the teachings their children have received."

Another circumstance which has helped to direct the public attention to our Government bonds, is the frequent calls of five-twenties which have been issued of late. We publish elsewhere the particulars of the nineteenth of these calls. It is for five millions, and matures 15th August. The bonds are nearly all held in Europe; and the call is made at the request of the Syndicate, who are reported to have sold to the National Banks a considerable amount of the new fives, of which securities the Syndicate have a monopoly. Of the former calls 15 millions matured 1st May; 5 millions more mature 1st June; 30 millions 11th June; 5 millions 20th July; and 5 millions 1st August. Adding these six outstanding calls together we find the total is 65 millions; of which 35 millions are for the Syndicate, and 30 millions for the sinking fund. There have been some complaints about the small

amount, frequent issue and petty character of these calls, but the objection lies rather against the peculiar conditions of the original contract with the Syndicate; for it cannot be denied that on their part the Syndicate have fulfilled their stipulations and engagements to the Treasury. Indeed, in the last call the Syndicate have exceeded their "firm" bid by 5 millions, and the report is current that they intend to take a large additional amount of the new fives under their March contract with Mr. Bristow.

We should be glad to set down as a third cause attracting attention to our Government securities, the success of the efforts to popularize them abroad. When the Funding Act of 14th of July, 1870, was under discussion in Congress, Mr. Boutwell, then Secretary of the Treasury, made special inquiries with a view to find out what prospect there might be for negotiating in Europe a great funding loan at 4 per cent. This project was by no means new. It was proposed early in the war to open subscriptions simultaneously in London, Paris, Amsterdam, Frankfort and New York, on a plan somewhat similar to that afterward adopted with so much success for the negotiation of the French war loans. Since 1864, when this scheme was agitated, it has often revived in various shapes and it consequently was no novelty when Mr. Boutwell took it up after his appointment as Secretary of the Treasury in 1869. His inquiries on the subject led him to the opinion, which was also held by the best financial authorities, that there was in Europe an abundant supply of capital that would be eager to invest itself in 4 per cent. long bonds of the United States, if the owners of this capital could only be made aware of the intrinsic value of our Governments in comparison with other securities; of which the four per cents sell freely at par. The question was, how the "financial engineering" should be begun, by which an adequate current from the grand reservoir of floating capital in Europe could be turned this way so as to irrigate a new field and reach our securities.

This question Mr. Boutwell thought he had solved, and public opinion agreed with him both in and out of Congress. His plan was embodied in the Act just referred to, which was passed in the confident hope that it would enable the Secretary to fund during the next year or two the whole of the 6 per cent. five-twenties, of which 1,300 millions were then redeemable under the five years option. The law authorized the issue of a thousand millions of 4 per cents. And to aid in working them off 300 millions of 4½ per cents. were sanctioned and 200 millions of fives. Unforeseen obstacles caused delay, and on the 20th of January, 1871, Congress authorized 300 millions more of 5 per cents., making 500 millions altogether. Of these 500 millions, the Treasury had sold 360 millions when the debt statement of the 1st of May was made up. We had therefore at that time 140 millions of fives unsold, and not a single bid has ever been received for either the 4 or 4½ per cents. since the law was passed. When the 35 millions of new fives reported above as

contracted for, have been bought by the Syndicate and paid for, the total negotiations under the pending law of 14th July, 1870, will amount to 395 millions. This conversion of 395 millions of 6 per cents. into the new fives will effect a yearly saving in interest on the debt, of nearly four millions of dollars, which is something over one-eighth of the saving that Mr. Boutwell and his friends at one time predicted.

Some persons blame Mr. Boutwell, or his agents and successors, for the delays or disappointments which have made the work of refunding both tedious and costly. It has been alleged that the commissions and other expenses paid by the Treasury for the conversion of the 395 millions above reported, exceed the amounts paid as commissions and expenses for the negotiation of an equal amount of the five-twenties, though the latter were issued in time of war, and as an original loan, while the new fives were not an original loan, but merely a conversion of one class of securities into another of longer date, and in time of peace. But it is not fair to blame these gentlemen because, under the operation of the fourteen calls of bonds which have already matured, the European aggregate of investments in our Government bonds have fallen off instead of increasing, as was intended. We do not find it an easy task to judge between the different estimates, but our foreign bankers compute the return of Government bonds from Europe at 35 to 60 millions since the panic. It would be short-sighted to charge these and other circumstances to the Syndicate or to the Treasury officers who have employed them. The outbreak of the French war occurred at an unpropitious time. It convulsed the money markets of Europe, which are only now beginning to recover their equilibrium. The causes of perturbation have, many of them, ceased to operate; and what Mr. Boutwell said in 1869 about the feasibility of negotiating our four per cent. conversion loan in Europe, is better founded now than in the year he uttered it. The time seems to be approaching for a new departure in regard to the funding of the debt, and Mr. Bristow, we trust, will not be slow to seize the opportunity.

THE BANK CONVENTION AT SARATOGA.

The Convention which we announced last month has received a number of favorable notices from leading journals. Inquiries have been made about it which sufficiently indicate the lively interest that some of our bank officers and private bankers, here and in the country, are disposed to entertain in regard to the scheme. We are informed that the Committee of Arrangements intend shortly to hold a preliminary meeting in this city, after which we shall be able to say more about what is intended to be done. We hope the present Convention will have the success, without the defects, of the Bank Convention which was held in this city about ten years ago. That meeting, unlike the present one, was open to the National Banks alone. It was a special

gathering of the members of the National Banking System, which was then in its infancy. It did good in various ways, and especially by the firm union it cemented among the National Banks, which has to this day continued to be one of the distinguishing features of the National organization. Never before nor since was an attempt made by a Convention to give expression to that unity and solidarity which Mr. Chase and Mr. McCulloch tried so successfully to give to the National Banking organism. Among the advantages conferred by this firm union of the banks, a conspicuous place is claimed for the monetary stability which the country enjoyed for some years after the National Banking system was set up.

The present Convention, however, is not restricted to any one class of banks or bankers. The circular of invitation, which we print elsewhere, invites not only the officers of National Banks, but those of private banks, and of State Banks also. These three classes of institutions are valuable and independent parts of our financial machinery, and notwithstanding the emulation and business rivalry, the difference of constitution and the conflicting claims, which may often seem to alienate and separate them, they have numerous bonds of common interest, and must ever be regarded as members of the same general system and battalions of the same financial army. As the Bank Convention of 1865, with its narrow objects, was found useful, we may expect that, with equally good management, our banking prosperity throughout the country will be still more indebted to the Bank Convention of 1875. If, however, this result is to be achieved, several indispensable conditions have previously to be secured.

First of all, the purposes of the meeting must be clearly determined, and its programme judiciously carried out. The Convention is to last three days, and twelve or fifteen hundred bank officers are expected by the Committee to be present. So large an assemblage of practical men, if they are to discuss intelligently subjects of common interest, and to decide judiciously questions submitted to them, will need to have their deliberations aided by brief written papers, on specific subjects, prepared beforehand. Each paper, when read, will suggest discussion, a report of which, together with the papers, documents and minutes of the meeting, should be carefully prepared for publication.

We need not do more than suggest these obvious hints. If the Committee wish to make the Convention as useful as it might and ought to be, they will have to labor very hard for a considerable time, and the few weeks remaining before the 20th of July will need to be well spent. The task of choosing proper subjects, and giving them to the best men for discussion in written papers, has, no doubt, received the attention of the Committee; but we are not informed how far these previous arrangements have proceeded. The banking community will look with some interest for further information about this Convention, the purposes of which

are of great practical importance for several reasons: First, because the expected approach of specie payments will bring an enormous pressure to bear upon every part of our banking system—upon the National Banks no less than upon the State Banks and the private bankers. It is natural that, in anticipation of this pressure, the various members of our banking organism should cling together, just as the battalions of an army concentrate on the eve of a general engagement. Secondly, there are some indications of impending changes in the distribution of our banking body. Whether the result will be a desertion of the National system and the return to the State system, on the part of any considerable number of our banks, is disputed. But it is well that the bank officers and private bankers should have an opportunity of meeting together and talking over these questions, whose importance is public, as well as private and personal. We need not say that, as the Convention is to sit so short a time, there should be no opportunity for theorists to read interminable, crude essays on subjects having no practical relation to the immediate work of the meeting. Of course, invitations should be sent to prominent bankers and financial men in Canada, as well as to any distinguished French, German or English financiers, of whom several will probably be visiting us in this country at the time, and may be glad to attend the Convention.

PAPER CIRCULATION IN GERMANY AND FRANCE.

Both France and Germany have modified and almost reconstructed their currency systems in consequence of the Franco-Prussian war. The Imperial Bank of Germany issued its first weekly statement under the new law on the 7th April last. The Bank of Prussia is now merged into this new institution. The capital of the Imperial Bank we find reported at 65,720,000 reich-marks; its surplus at 18 millions; its notes, 797 millions; its deposits, 152 millions; its loans and discounts, 396 millions; and its gold reserve, 603 millions. It is pointed out that the new bank opened business with 117 millions less of loans and discounts than were reported by the Bank of Prussia on the 23d of October, 1874. In the loans of the statement of the 23d of April a further reduction was reported of 14 millions of reich-marks, though the deposits had increased 6 millions.

We shall give in our next issue some account of the law under which the recent revolution has been made in the German paper currency. For many years the various States of Germany have had a considerable number of institutions of credit duly recognized and regularly constituted. These banks have assumed an extraordinary development since 1866, and have put in circulation an enormous mass of paper which their metallic reserves were far from covering. Several of these establishments, from the old Bank of Prussia down to those of the smallest States, have been connected with the Govern-

ment by reciprocal relations. The circulation of the notes of the Prussian Bank, for example, which in 1866 was only 160 millions of marks, was increased to nearly 750 millions in the years 1871 to 1873, so that it has quintupled in the interval of sixteen years. For some time past, public opinion has been demanding a reform of the paper system. The new bill allows the diversity of banks to subsist, but reduces the aggregate of the notes; moreover it subjects to precise legislation banks which had become too accustomed to loose regulations or too prone to perilous elasticity and expansion. The bill lays a tax on the excess of paper circulation not covered by the reserve in specie. The aggregate currency issued by the German banks, in 1872, before the recent inflation, amounted to 320 million thalers, or 960 million reich-marks, as is seen by the following table from the *Almanach de Gotha:*

STATISTICS OF THE BANKS OF GERMANY, JANUARY 1, 1872.

(In thousands of thalers.)

		Assets.		Liabilities.		
Banks.	*When founded.*	*Coin and bullion.*	*Bills of exchange.*	*Notes in circulation.*	*Deposits.*	*Other liabilities.*
Prussian Bank in Berlin	1766	158,103	114,996	242,242	20,577	10,851
Berlin Cash Association	1850	534	2,553	715	....	11,904
Koenigsberg Private Bank (in liquid'n)	1856	59	188	175	6	....
Dantzig Private Bank	1857	340	2,671	948	1 158	238
Property-holders' Bank of Pomerania	1824	361	3,175	909	1,056	805
Provincial Bank of Posen	1857	311	1,535	897	147	19
City Bank of Breslau	1856	335	1,794	960	988	95
B'k for Prus'n Upper Lusatia in Goerlitz	1856	333	1,862	999	....	1,217
Magdeburg Private Bank	1866	356	1,625	985	283	5
Hanover Bank	1866*	1,235	2,916	3,553	283	1,293
Frankfort Bank	1854	15,001	11,907	15,042	....	9,977
Hessian Bank in Hamburg	1855	90	179	285	118	...
Cologne Private Bank	1856	338	2,767	1,000	1,337	...
Saxon Bank in Dresden	1865	9,215	11,678	20,988	62	2,759
Bank for South Germany in Darmstadt	1855	2,484	6,535	6,877	....	539
Bank of Weimar	1853	1,282	3,262	3,065	1,335	1,600
Brunswick Bank	1853	1,384	4,764	4,487	....	2,069
Private Bank of Gotha	1856	1,021	2,960	2,568	28	1,307
Anhault Dessau Bank	1847	253	1,006	998	323	289
Thuringian Bank in Sondershausen	1856	770	2,430	3,000	171	410
Bank in Gera	....	1,064	2,978	2,928	120	1,229
Commerce Bank in Lübeck	1865	335	1,334	786	63	1,202
Bremen Bank	....	5,068	10,476	5,553	6,814	138
Total	—	200,272	195,591	319,960	34,869	47,916

With regard to the French circulation, it has consisted of specie ever since the disastrous collapse of the assignats. Under the Second Empire an enormous expansion of the material wealth and productive industry of France have created a need for paper circulation, and the want has been supplied with singular wisdom and success by the Bank of France. When specie payments were suspended in 1870, the Bank of France obtained control of the whole field of the circulation. The extraordinary skill with which the Bank has discharged the trust will long command the admiration of economists and statesmen.

The *Journal des Débats* publishes the following statement, obtained from an official source, as to the present circulation of the Bank of France. The number of French notes in circulation, both in France and abroad, is 33,887,195, made up as follows: Six of

5,000 francs*; 822,297 of 1,000 francs; 431,922 of 500 francs; 4,094 of 200 francs; 9,698,075 of 100 francs; 6,410,499 of 50 francs; 190,150 of 25 francs; 14,986,159 of 20 francs; 1,342,701 of 5 francs; and 1,292 of various sums now in disuse, the whole representing a total value of 2,641,081,935 francs ($ 528,216,387). Upon the 26th of December, 1873, the total value of the notes issued by the Bank of France and its branches was 2,807,689,600 francs ($ 561,537,920). This total had risen, upon the 15th of January, 1874, to 2,916,356,100 francs ($ 583,271,220), but it fell in June of the same year to 2,462,155,600 francs ($ 492,431,120). The law passed at Versailles on July 15, 1872, enacted that the maximum circulation of notes, fixed by the law of December 29, 1871, at 2,800,000,000 francs ($ 560,000,000), should be raised to 3,200,000,000 francs ($ 640,000,000). The Bank of France, it will be observed, though its notes have always been maintained at their full value, has been doing all in its power to hasten the resumption of specie payments. Thus, for instance, when the silver five-franc pieces made their way back to France in large quantities, the Bank availed itself of the opportunity to put them in circulation, and to withdraw the small five-franc notes which had been substituted for them. This measure was found to answer its purpose, for the number of notes struck off was very much reduced, while the five-franc pieces in circulation are, to within a few millions of francs, as numerous now as they were before the war.

The return of the gold into the coffers of the Bank at length enables it to apply a similar measure to the 20-franc notes. No more of them will be issued, their place being taken by the 20-franc gold piece, which cannot well be called a "louis" or a "napoleon." The official returns of the notes issued in 1874 are as follows:—731,000 notes of 1,000 francs; 300,000 of 500 francs; 3,625,000 of 100 francs; 4,500,000 of 50 francs, and 4,300,000 of 20 francs, making altogether 13,456,000 notes of a collective value of 1,254,500,000 francs ($ 250,900,000). This issue, rendered necessary by the requirements of the service, shows a diminution as compared with the issue of 1873, of 38,822,000 notes upon a sum of 43,500,000 francs ($ 8,700,000). The details of the notes burned, canceled, or otherwise destroyed, are as follows: One note of 5,000 francs, 369,300 of 1,000 francs, 168,400 of 500 francs, 19,400 of 200 francs, 951,007 of 100 francs, 314,000 of 50 francs, or 1,822,107 notes, representing a value of 568,185,700 francs ($ 113,637,140), were canceled. The system of burning notes, abandoned in 1869, was resumed in 1873 and continued in 1874; but, experiments of a new system of destroying disused notes by a chemical process having proved very satisfactory, the Bank of France finally determined to discontinue burning them, upon the 1st of December last year. During the first eleven months of 1874, 1,989,553 notes had been burned, and in the month of

* Few of our readers need to be reminded that the 5,000-franc note of the Bank of France is about equivalent to $ 1,000 in gold; the 1,000-franc note to $ 200; the 200-franc note to $ 40; the 100-franc note to $ 20; the 50-franc note to $ 10; the 25-franc note to $ 5; the 20-franc note to $ 4; and the 5-franc note to $ 1.

December 560,225 were destroyed by the new chemical process. They were composed of 579,201 notes of 1,000 francs, 237,600 of 500 francs, 64,500 of 200 francs, one of 250 francs, 1,379,276 of 100 francs, and 289,000 of 50 francs, making altogether 2,549,576 notes, representing a total value of 863,278,850 francs ($172,655,-770). Lastly, the number of notes withdrawn from circulation during 1874 amounted to 41,248,006, or 5,301,993 more than in 1873. In continuation of the statistics of the Bank of France, given on page 101 of our August issue, we compile the subjoined table of the chief figures for the last six months. It will be seen that the circulation has fallen from 3,012 million francs in November, 1873, to less than 2,500 millions at present. The figures indicate hundreds of thousands of francs, five ciphers being omitted.

Movements of the Bank of France.

Date. 1874-5.	*Notes.*	*Coin.*	*Discount.*	*Loans.*	*Private Deposits.*	*Public Deposits.*	*Rate Per Cent.*
October 22....	2,544·3	1,265·4	687·5	108·0	212·6	146·3	4½
" 29....	2,551·1	1,268·6	689·8	106·7	199·8	156·1	—
November 5...	2,572·7	1,271·9	713·6	108·4	204·5	152·6	—
" 12...	2,569·3	1,277·4	717·5	99·9	215·2	152·5	—
" 19...	2,551·9	1,288·7	708·3	100·6	230·8	151·0	—
" 26...	2,548·4	1,297·4	702·5	90·6	237·4	151·9	—
December 3...	2,585·8	1,305·8	728·0	101·8	236·5	118·7	—
" 10...	2,547·0	1,317·5	700·5	102·0	261·4	151·6	—
" 17...	2,542·4	1,325·8	862·9	102·5	255·4	154·0	—
" 24...	2,540·3	1,331·0	688·9	104·2	260·8	162·1	—
" 31...	2,644·8	1,325·7	809·1	107.5	259·4	175·4	—
January 7...	2,638·4	1,320·9	778·3	106·9	265·3	138·8	—
" 14...	2,652·6	1,318·9	762·8	106·8	248·2	132·2	—
" 21...	2,646·4	1,334·0	738·6	112·8	268·8	123·5	—
" 28...	2,641·1	1,354·6	729·3	112·9	291·4	121·6	—
February 4...	2,630·7	1,388·5	686·0	114·9	307·0	101·7	—
" 11...	2,574·2	1,460·5	833.3	124·9	555·2	117·0	—
" 18...	2,586·2	1,476·3	781.6	111.4	495·8	111·6	—
" 25...	2,575·9	1,486·3	725·0	109·4	454·6	114·6	—
March 4...	2,567·7	1,492·5	652.6	109·2	398·1	111·0	—
" 11...	2,548·6	1,501·5	617·6	106·4	384·4	117·4	—
" 18...	2,538·9	1,511·6	595·3	100·5	377·8	120·6	—
" 25...	2,520·1	1,528·1	573·9	101·9	372·7	138·3	—
April 1...	2,557·1	1,526·1	555·1	101·9	287·4	171·1	—
" 8...	2,550·7	1,525·6	591·1	100·8	328·1	161·2	—
" 15...	2,554·7	1,518·8	597.9	100·7	309·0	152·4	—
" 22...	2,494·2	1,529·3	553·0	99·8	320·7	167·6	—

It remains to be seen how the Philippart panic will affect the financial movements of Paris and France. A very strong bear combination is said to have been formed with the Rothschilds at its head; by this clique, the war rumors lately so much talked of have been adroitly fostered and used. It will be interesting to watch the effect of these manœuvres upon the French exchanges. For some time past they have been favorable to France, as is shown by the flow of gold from all parts of the world to Paris. In the first three months of the present year, the imports of the precious metals exceeded 350,000,000 francs, or seventy million dollars, and almost four-fifths of the whole was in gold coin and

bullion. It appears that less than one-half was sent from England. The United States contributed about ten million dollars, and heavy sums were also received from Germany. The foregoing table shows that the gold in the Bank of France has accumulated to 1,529 million francs or 306 millions of dollars, while the Bank of England held at the same time little more than one-third as much, its coin reserve being reported £21,059,300, or 105 millions of dollars.

THE CLEARING-HOUSE SYSTEM HERE AND ABROAD.

We have been collecting, for some time past, the statistics of the American Clearing-Houses. There is difficulty in obtaining the precise details, and the reports are not all as complete as might be wished. But so far as they go they are sufficiently interesting to justify our laying them before the public; and this especially as we promised to do so a few months ago, and no previous publication equally complete has, we believe, been heretofore made. Before commencing the history of our Clearing-House system, it may be well to glance at the older systems on which ours was modeled.

Some writers on banking endeavor to trace the origin of Clearing-Houses to the old Hanse-Towns and to the commercial system they devised and carried on. As commercial enterprise has never been much favored by the Muse of History, and as no records remain of the period in question, it is impossible to say how much of truth there may be in this theory. It receives, however, some confirmation from what is known of the old customs and usages at the fairs, which were, from a remote period, so notable a feature of the civilization of the Gothic and Germanic nations of Northern and Western Europe. Thus M. Boisguillebert in his *Dissertation sur la Nature des Richesses*, tells us that it was quite common in certain parts of France in the sixteenth century to make all mercantile bills payable at the Great Fair of Lyons. The merchants found this expedient much more convenient, and more free from risk, than the plan of keeping a stock of bullion or coin to pay their obligations. The bills thus created had an extensive circulation throughout the country, and were seen sometimes covered with endorsements. At a certain fixed day during the Fair the merchants met for a general settlement and liquidation of accounts. M. Boisguillebert says that by this means indebtedness was canceled and adjusted to the amount of 80 millions of livres without the use of a sou in coin. So in England the four quarterly settling days are adjusted to fall on the festivals of Michaelmas, Christmas, and the rest. These quarter days date back from a remote antiquity, and in this country they have their counterpart in the April and other settlements of which at certain conjunctures we hear so much. Such rude and disorganized arrangements, however useful for the purposes they subserved, were of no practical value as an expedient of banking. About the middle of the eighteenth centur

in Edinburgh, some arrangement was made by which the labor of the exchanges was facilitated, but the precise nature of the Scotch scheme we do not know. It is, however, worthy of note that this, as well as other improvements in banking, owes something to the *perfervidum ingenium Scotorum*. From Scotland Economics have borrowed not only the Scotch system of banking, but also many ingenious, suggestive principles of sound wisdom which have been incorporated in other banking systems throughout the world.

It is just a hundred years since the first Clearing-House was established. In London, about the year 1775, the private banks associated themselves together for this purpose, and their organization has lasted to this day in unbroken succession. Before 1868 their reports, which had been kept secret, began to be regularly published.

Sir John Lubbock, the Secretary of the London Clearing-House, has just made his annual report for the year ending 30th April, 1875. The aggregate clearings are greater than those of any previous year, and amount to £6,013,299,000; showing an increase over last year of £19,713,000. The increase over 1872-3, again, is even less, the aggregate in that year having been £6,003,335,000. The business of the Bankers' Clearing-House, after an enormous expansion between 1867 and 1872, has thus been stationary for three years,—one of the best proofs which could be given of the check to business and of the fall of prices during that period in England. The figures compare as follows with those of former years:

AGGREGATE BUSINESS OF THE LONDON CLEARING-HOUSE, 1868-1875.

	Total for the Year.	*On Fourths of the Month.*	*On Stock Exchange Account Days.*	*On Consols Settling Days.*
1867-68....	£3,257,411,000 ..	£147,113,000 ..	£444,443,000 ..	£132,293,000
1868-69....	3,534,039,000 ..	161,861,000 ..	550,622,000 ..	142,270,000
1869-70....	3,720,623,000 ..	168,523,000 ..	594,763,000 ..	148,822,000
1870-71....	4,018,464,000 ..	186,517,000 ..	635,946,000 ..	169,141,000
1871-72....	5,359,722,000 ..	229,629,000 ..	942,446,000 ..	233,843,000
1872-73....	6,003,335,000 ..	265,965,000 ..	1,032,474,000 ..	243,561,000
1873-74....	5,993,586,000 ..	272,841,000 ..	970,945,000 ..	260,072,000
1874-75....	6,013,299,000 ..	255,950,000 ..	1,076,585,000 ..	260,338,000

Important changes have been made of late years in some of the practical details of the system of settlement, which is one of the chief points of interest to us. A well-known financial writer, Mr. R. H. Patterson, says:

"When the economy of the check-system had caused the innumerable daily payments of the community to be carried on without any withdrawal of money from the banks, the next and culminating step in the process was to allow the payments among the banks themselves to be likewise effected without the use of money. This has been admirably accomplished by means of the Clearing-House. To this establishment each bank sends the checks upon other banks which have been paid in by its customers, so that a balance of these check transactions is struck for each bank with each of the others. This system was adopted at first simply as a convenience for the banks; instead of each bank sending round to settle with each of its neighbors, both time and trouble were saved

by the representatives of the banks meeting at a certain place and at a certain hour to settle the business. This arrangement, though devised merely for the convenience of the banks, led to a further economy of capital in the form of money. The balances due to or by each bank being ascertained at the Clearing-House, it was agreed that these balances should not be paid in money, but by checks on the Bank of England. All the banks in London, and some of the provincial banks, keep an account at the Bank of England. In fact, a large portion of the deposits in that institution belong, not to private customers or to the State, but to the other banks; and the settlement at the Clearing-House is effected by each indebted bank giving to the others a draft or check upon the deposits which it keeps in the Bank of England. Hence the business of the Clearing-House—the balance of all the check transactions—is settled, without the use of money at all, simply by a transference of a certain amount from the credit of one bank to the credit of another."

In the New York Association, which was founded and began business in 1853, the accounts always balance to a cent. With two exceptions, this has been done every day for the last twenty-one years. In the two cases we have referred to, the discrepancies were small, and were discovered and set right before the close of the next day's business. The New York Clearing-House, though much younger than its London namesake, has surpassed it in the amount of its business. In previous numbers of the BANKER'S MAGAZINE (see pages 396 and 420) we have given some statistics on this subject. The New York Clearing-House now consists of fifty-nine banks. Besides these, there are fifteen banks outside of the Clearing-House, which clear through other banks that are members of the Association. Our seventy-four New York banks have an aggregate capital of $ 85,122,100. Of this capital, the forty-eight national banks have $ 68,500,000, and the twenty-six State banks $ 16,622,100.

The subjoined table gives a list of all the Clearing-House Associations, with the dates of their organization, and the number of banks now composing them:

CLEARING-HOUSES OF THE UNITED STATES.

When Established.	*City.*	*No. of Banks.*	*President.*	*Manager.*
1855....	New York........	59	Charles F. Hunter..	William A. Camp.
1858....	Baltimore	19	....	Robert Mickle.
1856....	Boston	49	James H. Beal......	Henry B. Groves.
1865....	Chicago...........	24	Sol. A. Smith.......	Douglass R. Hale.
1866....	Cincinnati	21	D. J. Fallis	George P. Bassett.
1868....	Milwaukee........	10	D. Ferguson	T. L. Baker.
.. ....	New Orleans......	15	John G. Gaines.....	Isaac N. Maynard.
1858....	Philadelphia	27	Joseph Patterson ...	George E. Arnold.
1868....	St. Louis..........	37	Charles Parsons....	Edward Chase.
1865....	Pittsburgh.........	17	John Harper.........	John Stewart.
1871....	Indianapolis	12	Wm. H. English....	Jonathan Elliott.
.. ....	New Haven.......	10	Wilbur F. Day	John C. Bradley.
1874....	St. Paul..........	8	Walter Mann	H. P. Upham.
	Total...............	308		

From this table it will be seen that there are thirteen Clearing-Houses in the United States, and that 308 banks are united in these associations. The second in point of date is that of Boston, which was founded three years after the establishment of the Clearing-House in this city. It went into operation 29th March, 1856, and its mode of settlement is the same as that of New York, namely, that the debtor banks pay their balances in greenbacks or in United States Treasury Certificates, which are equivalent thereto, as they are redeemable in greenbacks at the Treasury on demand. With regard to these Government Certificates, it is worthy of remark that they are the successors of similar certificates which our New York banks, for their own convenience, issued in denominations of $ 5,000 and $ 10,000 as a special currency for clearing purposes. The Bank of New York was the agent of the Clearing-House in issuing those old certificates, and received, we believe, $ 1,000 a year from each bank for its risk and labor in managing this old Clearing-House currency. This expense was saved when under Mr. Van Dyck's Sub-Treasuryship the Government began to issue the certificates of indebtedness payable absolutely in greenbacks. These certificates, being thus convertible on demand into greenbacks, were recognized as equivalent thereto in the New York Clearing-House and in other like institutions throughout the country. It is easy to see that this process virtually expanded the greenback currency, although, strictly speaking, it was not a violation of the law imposing a limit on the greenback issues. This currency expansion was little noticed at the time, but it no doubt served to keep up and to enhance the mischiefs of a redundant paper currency. Instead of such certificates the London Clearing-House used to employ for clearing purposes Bank of England notes of large denominations, and some interesting evidence has been gathered from this circumstance in regard to the London banking movements, and to the process of hoarding bank-notes which used to be so common among the London banks whenever monetary stringency threatened. We regret that the report we have received from the Boston Clearing-House does not give the amount of the cash balances. The aggregate clearings for the past nineteen years compare as follows:

AGGREGATE BUSINESS OF THE BOSTON CLEARING-HOUSE, 1857–1875.

Year ending March 29.	*Clearings.*	*Year ending March 29.*	*Clearings.*
1857	$ 1,415,923,289	1867	$ 2,199,977,715
1858	1,289,492,730	1868	1,875,339,804
1859	1,262,795,470	1869	2,051,791,420
1860	1,454,313,792	1870	2,139,143,244
1861	1,504,697,476	1871	2,158,974,696
1862	1,170,475,287	1872	2,495,774,858
1863	1,059,975,447	1873	2,678,943,559
1864	1,840,718,539	1874	2,669,657,757
1865	2,245,984,310	1875	2,816,165,339
1866	2,257,356,712		

The prosperity of the Boston Clearing-House is shown by the fact that since 1863 its transactions have increased nearly three-

fold. The steadiness of the progress since 1868 is very gratifying, as it has been achieved in the face of a steady contraction of the currency, as is indicated by the lower price of gold. But for the great fire and the interruption of the natural growth of business, and some other causes, the annual aggregate of the Clearing-House transactions would, it is said, have exceeded 3,000 millions a year. There is another point on which it is to be desired that information could be obtained. We refer to the proportion of the business settlements of Boston which do not go through the Clearing-House.

Mr. Charles Babbage, in his well-known essay on the London Clearing-House in 1856, mentioned this point as one of the three chief questions to be answered in all Clearing-House reports. The other questions are: first, what is the aggregate of the daily, weekly and monthly settlements throughout the year, comparing one part of the year with another; and, secondly, how much cash is required to pay the daily balances between the banks. These three questions will, we trust, be fully answered in future reports of Clearing-Houses, both in this country and abroad.

The Philadelphia Clearing-House was organized in 1858. It has twenty-seven banks. The clerks assemble at the Clearing-House at half-past eight in the morning, and the clearing process is like that of New York. The balances are paid in greenbacks or in United States certificates of deposit, the hour of payment being from eleven to twelve o'clock. At half-past eleven a "runner's" exchange is held for the settlement of the items formerly taken to the different banks by the runners—namely, the notes and checks received by the morning mail. The balances of this settlement are paid by due-bill, which goes through the next morning's exchanges.

We next come to the Baltimore Clearing-House. It was established in 1858. The method of settlement is as follows: The clerks of the several banks meet every day at the National Union Bank of Maryland, at 8.45 A. M., to make their exchanges; the balances, debtor and creditor, being entered in the Clearing-House book. At ten o'clock the debtor banks send the balances due by them, either in greenbacks or in certificates of deposit. The creditors receive their balances at noon, and thus the daily account is settled in full. The Manager keeps for publication no detailed accounts, but he estimates the average clearings of the last twelve months at two millions of dollars a day.

At Chicago the accounts vie in precision with those of New York. The Association was formed 10th March, 1865. The settlements are made in greenbacks or National Bank notes, payable directly to or by the Manager of the Clearing-House. The aggregate amounts of the credit clearings compare as follows:

1865	$319,606,228.42	1870	$810,576,036.28
1866	453,798,648.11	1871	878,936,754.73
1867	580,727,331.43	1872	993,060,503.47
1868	723,293,444.91	1873	1,047,027,828.33
1869	734,661,949.91	1874	1,101,347,918.41

It will be seen that the business of the Clearing-House has steadily increased year by year, and that even in the year of the great fire, which occurred October 9th, 1871, there was no exception to this rule of periodical increase.

The Milwaukee Clearing-House was organized 1st December, 1868. The method of clearing is the same as that of Chicago. The clearings and balances are reported as follows:

	Clearings.		*Balances.*
1869	$ 89,289,272	....	$ 17,257,525
1870	102,473,505	....	18,853,197
1871	108,122,235	....	22,273,356
1872	118,739,811	....	21,857,531
1873	151,292,953	....	26,696,275
1874	157,792,272	....	26,712,686

At St. Louis the Clearing-House was organized 2d November, 1868, and began business 24th December, 1868. Its balances are settled without the use of money, by managers' checks on the debit banks in favor of the credit banks. This expedient somewhat resembles that adopted by the London Clearing-House, and might, with advantage, be used by the Clearing-House of this city. It effects a great saving in the labor and risk of handling money. Each creditor bank gets its balances in two or three checks on the debtor banks, which checks it collects in the usual way. The aggregate clearings compare as follows, for the years ending 1st December: 1869, $584,391,491; 1870, $774,815,458; 1871, $855,967,660; 1872, $989,070,553; 1873, $1,099,154,352; 1874, $1,192,532,762.

The Cincinnati Clearing-House is one of the most prosperous of our American clearing institutions. It was established 5th April, 1866. At present it comprises twenty-two banks. The aggregate clearings in 1873 were $670,000,000; in 1874, $663,000,000; and in 1875, $682,000,000. The method of settlement is the same as that of St. Louis, which, indeed, was constructed on the Cincinnati model. This method is so well worthy of attention that we give the following account of it from the Articles of Association. The hour of making exchanges is 2 P. M. At that hour messengers from all the associated banks and bankers repair to the Clearing-House with their respective demands separately made out against each member and the totals summed up. At half-past two these messengers repair a second time to the Clearing-House for settlement. The Manager then issues his checks or warrants upon the debtor members to the creditor members for the balances. These checks are to be settled promptly to the satisfaction of the creditors, in whose hands only they are to be available. These Manager's checks, if not so paid to the satisfaction of the creditor bank, are to be immediately returned to the Manager of the Clearing-House. There is to be no needless delay in presenting the Manager's checks to the drawees. If the payment is not made before four o'clock of the same day, the Clearing-House must be

notified immediately, otherwise the Clearing-House is free from all responsibility on said checks. Hence each debtor member is bound to make provision at his place of business to respond to the Manager's checks up to four o'clock. In case of failure on the part of any bank to respond promptly to the checks of the Manager, that officer calls upon the other banks which have cleared checks on the defaulting member on that day, to make up the sum for which payment has been refused, in proportion to the amount of the checks upon the defaulting member so sent in and cleared on that day, which sums so furnished or contributed constitute claims in the hands of the responding members, respectively, against the defaulting member; and the checks so received from the Clearing-House by the defaulting member are to be delivered to the members owning the same without cancellation. And in the event of the defaulting member acting in bad faith by canceling or refusing for a time to surrender said checks, it is not to militate against any of the interests of the Association, but to be treated as though the said act or acts of bad faith did not exist, so that the Association shall not suffer thereby.

The Pittsburgh Clearing-House began business February, 1866. The method adopted is as follows: Each bank sends a clerk and a messenger to the Clearing-House, who meet at 9 A. M., to deliver and receive packages of checks, which have been carefully assorted beforehand, and put up in large, unsealed envelopes. This interchange is quickly effected, the settlements are soon ascertained, and the assemblage disperses. The debtor banks pay in from 10½ to 11 o'clock, in sealed packages mostly, receiving the Manager's receipt, and the creditor banks receive their balances from 11 to 11½ o'clock, the Manager taking a receipt from them. The business of the Clearing-House is reported as follows:

Year.	*Exchanges.*	*Balances.*
1866............	$83,731,242.17	$20,850,179.68
1867............	97,157,556.03	21,029,633.34
1868............	115,296,621 33	23,558,130.74
1869............	156,880,910.90	29,832,017.41
1870............	178,409,905.51	31,067,296.99
1871............	215,201,413.59	34,344,435.19
1872............	284,859,477.08	42,494,596.94
1873............	295,754,858.83	41,605,069.84
1874............	257,548,600.75	39,774,303.85
	$1,684,840,586.19	$284,555,663.98

The Indianapolis Clearing-House went into operation 1st February, 1871. Its balances are paid or collected by the Manager in currency. Its clearings are reported as follows:—In 1871, $30,000,000; 1872, $38,000,000; 1873, $45,000,000; 1874, $55,000,000. The business of the year 1875 is estimated at 65 millions.

At New Haven the Clearing-House comprises ten banks; the balances are paid by drafts on New York. Each bank takes charge in turn for three months.

It will be seen that there are three general methods in use amongst our Clearing-Houses: There is first, the New York method, in which the banks pay each other their balances in greenbacks or their equivalent. This is substantially the same as the old method in use at the London Clearing-House. Secondly, we have the Cincinnati method, in which the Manager gives the creditor bank a check on a debtor bank. And, thirdly, we have the New Haven method, in which the balances are paid by drafts on New York.

Besides the Clearing-Houses tabulated above, there are, we believe, no others in operation in the United States. Several are, however, projected, but have not yet completed their organization. At Louisville, a special charter for a Clearing-House was granted by the Legislature, but as yet it has not been organized, as the impression prevails among the majority of the banks that the provisions of the charter contemplate too cumbersome an agency.

Perhaps one of the most notable Clearing-House organizations in existence is that which was set up a few years ago in London, entitled "The Country Bank Clearing-House." Of this institution Sir John Lubbock, one of its chief founders, gives a full account. We propose at an early day to give our readers a sketch of this Institution, which is in operation very successfully, the validity of its settlements being acknowledged by the Courts of Law.

It has often been said that the Clearing-House system is less used in Europe than in this country. This disparity arises partly because the use of checks received its development sooner here than in France, Germany, or even in England, outside of London. As to the benefits of the Clearing-House system, they are well known to be precisely the same in kind as the benefits of checks. The chief of these benefits are, first, the saving of labor and clerk-hire in making payments and settlements of accounts; secondly, the prevention of risk and loss through the carrying of money through the streets; thirdly, the avoiding of mistakes in counting large sums of coin or of bills; next, there is an immunity from the danger of taking counterfeit notes; and finally, the Clearing-House system, like the check system, economizes currency, and permits the exchanges of the country to be performed with a much smaller volume of cash.

THE FREEDMAN'S SAVINGS BANK.

In the year 1865, at the very close of the session, Mr. Sumner moved the incorporation of the "Freedman's Savings & Trust Company." The objection being raised that Congress had no power under the Constitution to charter a savings bank to do business outside of the District of Columbia, an amendment was added limiting its powers to the District. As Mr. Sumner pressed the "measure of philanthropy," it was hurried through both Houses, but by some mischance the important amendment was omitted. The words "in Washington City" did not appear in the bill, hence the law came into operation as an Act to incorporate the Freed-

man's Savings & Trust Company, with a much wider franchise than was anticipated and a list of corporators among the most eminent in the country. For the protection of the freedmen, the deposits of this bank were to be invested in no other securities than "stocks, bonds, Treasury notes, or other securities of the United States." As Chief-Justice Chase and several other leading citizens were trustees, with power to assemble at Washington and to elect their successors, it was supposed that, although the profits derived from investments would not be large, the funds would be safe. Indeed it scarcely seemed possible that any malversation could occur. The principal office was at Washington, with thirty branches at various places in the Southern States. This was in opposition to the provisions of the charter, and it directly violated the statutes of the various States. All this, however, was unknown to the freedmen, who had been used to look to the National Government as the omnipotent protector of their rights, and they easily believed that the Freedman's Savings Banks were guaranteed by the Federal authority. Thus it happened that the negroes so eagerly availed themselves of the privilege of laying by their earnings under auspices so favorable. Nor did any harm come of it for the first five years. But at last, certain speculative persons cast greedy eyes on the deposits of the bank. In April, 1870, an amendment to the charter was proposed in the House by Mr. Cook of Illinois. The proposed change seemed simple. It merely provided that the trustees might invest in mortgage securities and might hold and improve the real estate owned by the bank in the City of Washington. The reasons assigned for the innovation were very plausible. It was contended that the rate of interest earned by capital invested in Government bonds was so much reduced since the war that the poor freedmen did not receive as much interest as they were fairly entitled to. Another reason was that the Savings Banks in New York and in many other States enjoyed the same freedom of investment that was demanded for the Freedman's Bank. The scheme was successful and the amendment passed the House without debate. In the Senate some opposition was made. Mr. Cameron said that the change would bring disaster. He was in favor of the most stringent restrictions. He declared that the proposed relaxations would lead irresponsible managers into speculation. As to the proposed investments in real estate, the money, once invested in such property, would be fixed and could not be easily realized when wanted to pay depositors. Such investments, he said, had always in his experience proved the harbingers of ruin. Mr. Cameron added that the people concerned, and those most interested—the freedmen—having remonstrated against his course, if they want to be cheated, it was not for him to object. The bill became a law. Three years of the new *régime* were enough to squander away the funds of this prosperous institution. When the books of the Freedman's Bank came to be examined by a National Bank Examiner, evidence was disclosed which led to further inves-

tigation. Irregular transactions came to light, the concern was declared insolvent. After a feeble effort at reorganization it collapsed, and, strange to say, the whole sum invested in Government securities was found, at the close, to be $400!

The nominal assets were $2,693,000, much of the amount being worthless on account of the insolvency of the debtors and the unsalable character of the securities held. The liabilities were $2,879,000, the depositors being 72,000 in thirteen States. The average of the deposits was $40, which was very creditable to the frugality of the freedmen. There were over 5,000 who deposited less than one dollar each, and in one branch 890 deposited an average of ninety-two cents. The three Commissioners appointed in July, 1874, had no adequate power to wind up the affairs of the bank. Depositors from Nashville, Lexington, Louisville, Richmond and Charleston, and the Legislatures of North and South Carolina, memorialized Congress praying it to take the assets and assume the liabilities, or afford some other adequate help to "the dependent wards of the nation." The whole subject was referred to the House Committee of Banking and Currency. Judge Durham, of Kentucky, prepared the report for the Committee and a bill accompanying it. The Committee reported that though it was inexpedient for the Government to assume all the assets, yet it might well aid the depositors by purchasing the building erected by the Bank in Washington, a portion of which is now leased by the Government, and should reduce the number and increase the powers of the Commissioners, and require its affairs to be wound up under the general charge of the Secretary of the Treasury, with power to the Commissioners to commence suits against the trustees if there should be evidence of fraud.

By the exertions of Mr. Durham the bill passed the Senate. But it failed in the House, principally through the opposition of Mr. Rainey, the colored member from South Carolina, on the ground that it provided for the appointment of but one Commissioner. The defeat of this bill is most unfortunate for the depositors, as it must prolong the time for collecting and dividing the assets, which are not drawing any interest, while heavy expenses are accumulating. The Commissioners of the Freedman's Bank now have $300,000 in the United States Treasury. It would require $600,000 in hand to declare a dividend of 20 per cent. to the depositors, 15,000 of whom have claims of less than $5 each. A large number of debtors have paid to the Institution small amounts. The Commissioners have offered the real estate of debtors for sale at auction, but owing to the insufficiency of the bids have bought in the property themselves, thus converting such indebtedness into real property. The objection has been raised that the Commissioners have not the power to acquire real estate, but that their duty is to realize money only, to be distributed among the depositors. Owing to the depression in the real estate market they cannot dispose of such property as comes into their

possession. The Attorney-General has decided that the Commissioners cannot resign their office, as they proposed doing several months ago.

As Congress reserved the right to inspect the books of the Bank, and to examine its affairs, it has been urged that some compensation may hereafter be made to the defrauded freedmen. But it is to be feared that the claims will in that case be bought up at a small percentage by speculators, and meanwhile the frugal depositors have become disheartened and discouraged. Many of them, it is said, have ceased to save, and are spending their earnings as fast as they get them. Thus disastrously has resulted Mr. Sumner's philanthropic scheme to teach the colored wards of the nation the virtues of economy and forethought, which are so essential to their new position as free citizens.

NEW SAVINGS BANK LAW OF NEW YORK.

The general law just passed for the regulation of the Savings Banks in this State has somewhat disappointed expectation. Still it contains important reforms. It has also the distinguished merit of putting an end to the notorious evils of special legislation. Its chief provisions are as follows: First, it requires the Savings Banks to report once a year to the Superintendent of the Banking Department at Albany a full statement of the previous year's transactions. The law also gives the power to the Superintendent to examine each Savings Institution once in two years, or at any time when circumstances seem to require it. The Superintendent is also charged to exercise a general supervision over the affairs of all Savings Banks in the State. Secondly, the law declares that no Savings Institutions shall pay more than six per cent. interest to their depositors. It also limits the deposits in the name of any one individual to $ 5,000. It permits a surplus fund to be accumulated amounting to ten per cent. of the deposits, after which all the net earnings are to be divided among the depositors.

As to investments, the law provides that all the deposits are to be invested in bonds and mortgages on real estate, in United States and New York State stocks, in stocks of other States which have not defaulted in payment of principal and interest within ten years; in city, county, village and town bonds of this State, and in real estate and buildings necessary for the convenient transaction of their business, limiting such investments to fifty per cent. of their surplus. It prohibits the Savings Banks from loaning their deposits upon notes, bills of exchange, drafts, or any other personal securities; from dealing or trading in merchandise or wares; from buying or selling exchange, gold or silver, and from collecting or protesting promissory notes. Their surplus and available funds must be invested in, or loaned on, the same kind of securities as their deposits.

Finally the law intrusts to the Superintendent of the Banking Department the power of chartering Savings Banks after certain forms and proceedings shall have been complied with, following the precedents as to chartering banks of discount and deposit, insurance companies, religious societies, social and literary clubs, manufacturing and railroad corporations, all of which are chartered under general laws. It also gives the Superintendent authority to change the name of Savings Banks, and consent to their removal from one locality to another within the same county wherein such contingencies may arise. Banks of discount and deposit are prohibited from advertising themselves as Savings Banks, under penalties. Their directors may be trustees. All existing Savings Banks are required to conform their several charters to the provisions of this law, but their present investments are protected.

Such are the chief provisions of the new Savings Bank law of this State, of whose defects so much has been said. The chief ground of dissatisfaction with it is that it is not final; but will require to be amended at an early day, for the simple reason that it does not embody the whole results of our past experience in regard to Savings Bank legislation. For example, the principle has long been established, that the more publicity is given to Savings Bank affairs the better. Hence the requirement has been strenuously insisted on, that the official reports should be made and given to the public at brief intervals. A few years ago, in accordance with this policy, the Savings Bank reports were published annually. This being found insufficient, the publication was ordered twice a year, and it was urgently recommended to make them quarterly. The law before us has reversed this old conservative policy: it goes back to the system of yearly reports, and thus prepares the way for future necessary changes in a law which was intended to be settled and final. It is true that these defects are in part remedied by the discretionary powers confided to the Superintendent to enter any bank and to investigate its affairs "whenever circumstances seem to require it;" but this arrangement is a very clumsy expedient, if its object is to operate on the banks as a preventive of mismanagement. All experience shows that, if we wish to prevent evil by publicity, quarterly statements are better than semi-annual, and should therefore have been adopted in the new law.

Another criticism of this law is, that its regulations in regard to investments, though more stringent than those formerly in operation, are still insufficiently guarded. The chief ground for this complaint seems to be that on the list of permissible securities, village, town and county bonds still find a place; as does also real estate, to the extent of 50 per cent. of the surplus of the investing bank. The recent disaster of the Freedman's Bank, to which we refer elsewhere, adds another to the numerous proofs of the peril of such investments when injudiciously made by Savings Banks. It is said that a smaller number of persons are now disposed to find fault with the prohibition of Savings Banks to pay more than 6 per cent. interest on deposits. In these days of hot

competition among the moneyed institutions such a restriction is wise and sound. Savings Banks cannot pay as high rates for deposits as can institutions or firms that deem themselves authorized to take special risks, and do not scruple to put in jeopardy the safety of the principal for the sake of securing a higher rate of interest.

Since the foregoing remarks were in type we have received a copy of an earnest and suggestive letter to a Savings Bank President, by Mr. Josiah Quincy, from which we make the following extracts:

"One of the ablest presidents of a savings bank, who was urged by his depositors to pay six per cent., told me that after a careful calculation it was found that it could not pay its taxes and expenses and do it honestly, unless every cent of their money was drawing 7 3-10 per cent. and they made no losses. I have before me the report of the Commissioners of the Savings Banks for the last year. On the 99th page is a statement of your investments. Assuming that your stocks were purchased at the average premium, and seeing that nearly half of your investments on loans were at only seven per cent., I do not see, assuming the opinion of the savings bank president to be correct, how you are able, even if you made no losses and kept all your money drawing interest, to pay as you did, six and one-half per cent. to your depositors without infringing on your capital. Your ten per cent. loans were not, in my opinion, sufficient to make up the difference.

"But however it was last year, it will be impossible to do it on good security this year, and if you do it, as you advertise, I do not see but you must infringe on your capital by paying six per cent. interest, not from the income of your investments but from the property of the depositors themselves. The high rates paid by savings banks have produced a vast change in the financial relations of the people. Formerly the capitalist of the village loaned his money to his neighbor. He now deposits it in a savings bank. Take one instance among a thousand. Within a month, as I am credibly informed, a capitalist in the country sent a check for ten thousand dollars to a savings bank in this city and received in return books in his own name as trustee for imaginary persons, thus loaning his money on demand at six per cent., concealing it from the assessor of his town and sharing the reduced taxation that was intended by the State only for the benefit of the poor. Now if a poor man wishes to obtain a loan, either to build him a house or to aid him in his business, he is ushered into the awful presence of a president of a savings bank—of a man who, having agreed to pay his depositors six per cent., must squeeze out the highest possible rate from the necessities of the borrower; the lender being in fact a member of associations whose interest is to keep up the value of capital, or, in the language of the day, to get and keep up a corner in the money market.

"On the management of the savings banks more than on any other thing the financial interest of the State depends. They hold

about 225,000,000 dollars payable on demand, or in some cases on a notice of thirty days. Their security rests on the confidence with which the management of the old savings banks has inspired the community. Confidence is a plant of slow growth and very delicate nature. Let it be supposed that these banks, in order to pay high rates, loan on insufficient security, or that they are paying depositors out of their own capital, or that by artificial means they are keeping up the price of money, and a revulsion of feeling may take place that will shake our financial world to its center. Two years ago the Freedman's Savings Bank in Washington had a credit equal to your own. To-day the poor depositors are selling their books at ten cents on a dollar; and, what is worse, have lost confidence in all institutions, and are wasting their money instead of saving it. What steps can be taken to avoid such a catastrophe? Let the Legislature compel every bank to do by law what every conservative bank does from financial foresight—pay a regular five per cent. to depositors who withdraw their money, and once in three years divide the surplus to those who remain, in proportion to the length of time their deposits have been in the institution."

THE USURY LAWS IN INTER-STATE CONTRACTS.

In Georgia a new usury law has just been passed, fixing the rate of interest at seven per cent., but allowing twelve per cent. to be taken by special contract. In Tennessee an attempt has lately been made to pass a new law to regulate usury, but it did not succeed. It is much to be regretted that the usury laws in this country are so far behind the rest of our system of jurisprudence. There is no other commercial nation in the world in which so anomalous a state of things exists. In part, the slow progress of usury reform is due to the influence of the State of New York, whose usury laws have long been a burden upon our agriculture and commerce. They have hindered the development of the country, crippled industry, and checked productive growth. Many attempts have been made to reform our usury laws; in 1874 a new law very nearly succeeded; it passed both Houses, but was recalled by a vote to reconsider; and so its enemies killed the bill. During this year, from peculiar circumstances which are well known and temporary, the money market has been so easy in Wall street that the annual movement against the usury laws has been carried on with less vigor than usual. Next year it is hoped that the agitation will be carried on with more spirit. Our usury reformers, both in this State and elsewhere, have often failed in consequence of having too many plans, on no single one of which they could all agree. The best and simplest of the proposed statutes on usury is that of 1874, which was copied from a draft formerly prepared by the Chamber of Commerce. It was nearly successful last year. This statute

would at once incorporate into our legislation the enlightened principles which preside over the usury laws of England and France. Its provisions are simple. It continues the rate of seven per cent. as legal interest in the absence of any agreement. It secures to every citizen the right, now monopolized under our present statute by a few privileged people, to stipulate by special contract, oral or written, for the payment of any higher rate without restriction. This bill has received at various times the approval of our best men in the banking, commercial, and legal circles. Its adoption is a mere question of time. Its rejection year after year since 1838, when the present law, with its antiquated penalties, was enacted, has done more to check our agriculture, impoverish our farmers, and retard our industries, than any other fiscal or financial error now to be found in the statute book of New York.

The Supreme Court of the United States has just decided an important case touching the effect, in reference to the usury laws, when a draft drawn in one State is accepted in another. The case was that of Tilden *v*. Blair. The opinion was delivered by Mr. Justice Strong, and is as follows:

"That the contract upon which the suit was brought was made in Illinois, must be considered as established by the findings of the Circuit Court. It is true the defendants formally accepted the draft in New York, and promised to pay at a bank in New York, but there was no operative acceptance until the draft was negotiated. They sent it back to Illinois, where it had been drawn, for the purpose of having it negotiated there. Pelton, the drawer, for whose accommodation the acceptance was given, was thus constituted the agent of the acceptors to give effect to their action. While the draft remained in his hands it was no binding contract. He had no rights as against the defendants, but he was empowered to negotiate the draft, and thereby to initiate a liability not only of himself, but also of the defendants. It was only when the instrument was negotiated that it became an accepted draft. It has long been settled that the liability of an acceptor does not arise from merely writing his name on the bill, but that it commences with the subsequent delivery to a *bona fide* holder, or with notice of acceptance given to such holder. *Byles on Bills*, 151. That this is so has been often asserted in judicial decisions, and often in New York. Cook *v*. Litchfield, 5 *Seld*., 279; Lee *v*. Selleck, 33 *N. Y.*, 615, and Hyde *v*. Goodenow, 3 *Comst*., 271. The doctrine is most reasonable. It is, therefore, quite immaterial, under the facts of this case, that the defendants resided in New York, and that they *there* wrote their acceptance upon the draft. In legal effect they accepted the draft in Chicago, when by their authority the drawer negotiated it, and thus caused effect to be given to their undertaking. Nor is the law of the contract changed by the fact that the acceptance was made payable in New York. The place of payment was doubtless designated for the convenience of the acceptors, or to facilitate the negotiation of the draft. But

it is a controlling fact that before the acceptance had any operation—before the instrument became a bill, the defendants sent it to Illinois for the purpose of having it negotiated in that State—negotiated, it must be presumed, at such a rate of discount as by the law of that State was allowable. What more cogent evidence could there be that it was intended to create an Illinois bill? The case is exactly the same as it would be if the defendants had been residents of Chicago when the draft was drawn, and had accepted it at Chicago for the accommodation of the drawer, designating New York as the place of payment. It is plain, therefore, that the contract is an Illinois contract, and that the rights and liabilities of the parties must be determined according to the law of that State. By its statutes persons may contract to receive ten per cent. interest upon any debt due them, whether it be verbal or written. If they stipulate for a higher rate, they forfeit the interest, but the statute expressly allows the recovery of the principal. The contract is not declared to be void. Only so much of it is void as exacts the excessive interest. And by a legislative act passed February 12, A. D. 1857 (*Gross' Statutes*, 371–2), it is enacted as follows, viz.: "When any contract or loan shall be made in this State, or between citizens of this State and any other State or country, bearing interest at any rate which was or shall be lawful according to any law of the State of Illinois, it shall and may be lawful to make the amount of principal and interest of such contract or loan payable in any other State or Territory of the United States, or in the city of London, England: and in all such cases such contract or loan shall be deemed and considered as governed by the laws of the State of Illinois, and shall not be affected by the laws of the State or country where the same shall be made payable." Provisions very similar to these are also made by the statute of February 16, 1857. *Gross' Stats. ut supra*.

"If, then, the contract is, as we think it must be regarded, an Illinois contract, and if, therefore, the rights of the plaintiff are to be determined by the laws of that State, there can be no doubt he was entitled to judgment, and to judgment for the full face of the draft, with interest from the time it fell due. Even if the contract had been usurious, he would have been entitled to a judgment for all that the Circuit Court allowed him, for, as we have seen, the contract would not have been void, the statute expressly declaring that when usury is taken the principal debt may be recovered, while the interest reserved may not be. The case would be quite different if the law of the State made void an instrument usuriously negotiated. There was, however, no usury. And where a note or bill is not made void by statute, mere illegality in its consideration will not affect the rights of a *bona fide* holder for value. Norris *v.* Langley, 19 *N. H.*, 423; Converse *v.* Foster, 32 *Vt.*, 320; Conkling *v.* Underhill, 3 *Scam.*, 388. The plaintiff in this case was a *bona fide* purchaser of the

draft. At the time of his purchase he had no notice of any equities in the drawer, or in the acceptors. There was nothing on the face of the instrument to awaken suspicion that it was accommodation paper, or that it had not been regularly and lawfully negotiated. He bought it from bill brokers, after it had been indorsed by the drawer and payee, and also by Carpenter, an apparent indorsee of the payee. That his purchase was not corrupt; that it was perfectly lawful under the law of Illinois, can admit of no question. Sherman *v.* Blackman, 24 *Ill.*, 347; Hemingway *v.* Cropsey, 37 *Id.*, 357. And this, the rule everywhere unless the note or bill is declared by statute to be void in its inception.

"The plaintiffs in error, therefore, have no cause of complaint. The Circuit Court gave judgment against them for the sum which the plaintiff had paid for the draft, without interest. The judgment was only too favorable to them. It should have been for the full amount of the acceptance, with interest from the time it fell due, and had the case been brought here by the plaintiffs below we should direct such a judgment. But the present writ presents to us only the assignments of error made by the defendants, and as they are unsustained, we can do no more than affirm the judgment given. The judgment is affirmed."

THE FINANCIAL SYSTEM OF FRANCE.

Some of the most interesting of the political lessons taught by De Tocqueville in his *Ancien Régime* are connected with the growth of that complex fabric of bureaucratic administration which has made France so famous. It is a common error to suppose that this grand system of official hierarchy had its first beginning under Napoleon. De Tocqueville shows that in reality the bureaucratic tree had been quietly growing up for centuries, and that what it owed to the Revolution of 1789 and to the Napoleonic Government established on the ruins of that catastrophe, was to reveal the vigor and dimensions of the tree, and to clear it from the old rubbish by which effete dynasties had so long choked it and hidden its growth. Recent events have called much public attention to the immense power of the financial mechanism of France. The pressure under which the system has worked during the last four or five years has astonished the financial world no less than the magnificent results it has achieved. Never before has so important a transfer of capital been so conspicuously made in the financial arena of Europe. The new stimulus of the capital poured from France into Germany has given, and is long destined to give, to financiers and to political economists abundant scope for inquiry and speculation. Setting aside the fundamental question, where and how France got the needful sum of capital, in the methods of its transfer we have a multitude of interesting practical points crowding on our attention. Thus

the London *Times*, in an article on the essay of M. Wolowski on the German Indemnity, which we lately published, made the remark that the payment of such prodigious sums of money was one of the triumphs of Government finance, and exhibited the efficiency of the management of the French Treasury. Now the Treasury of France owes much of its efficiency to the perfect adjustment of its Bureaucratic Administration. Formerly, the French system of public finance was distinguished in Europe for its cumbrous inefficiency and for its oppressive costliness. At the outbreak of the Revolution of 1789 it had been somewhat reformed. Under Count Mollien, the Marquis d' Audiffret, and other men of administrative ability, it was gradually purged of its worst evils, and is now superior in some respects to the fiscal system of any other European country.

Two questions suggest themselves when we approach this great Administrative Fabric which the skill and genius of successive generations of wise master-builders have reared. We might ask, first, whether the fiscal mechanism is adapted to the people and the people to it. Secondly, we might inquire how its parts are adjusted and fit together so as to work in harmony. Thus in taking up a watch we may examine it either as to its fitness for its owner and its relations to him; or we may take the watch to pieces and put it together again so as to explore and understand the peculiar use, beauty or perfection of every part. It is the latter method that we propose to apply to the French Treasury. We shall take it to pieces, so to speak, and try to find out how its parts are adjusted together, and how they all act in unison so as to do so much work and to do it so well.

In examining the French system of Treasury administration, the first thing which strikes the observer is the unity of the whole, its centralization, its efficient self-direction, its vigorous control of every part by the overwhelming authority of the central administration, so that each functionary is wholly regulated by the Ministry of Finance in Paris, just as every wheel is controlled by the main-spring of a watch. Every French official connected with the receipt and disbursement of the public money is accountable to that Ministry, and every clerk is an officer of the Treasury. There are Receivers-General in each of the eighty-six departments, into whose offices the public revenue of the respective districts flows. These offices are a part of the General Treasury, so that money paid into them is in the Treasury, and can only be paid out or withdrawn by the regular processes of the Treasury. The great books of the Minister of Finance, at Paris, contain a full statement of all the money in the various offices.

No money can be disbursed but in the regular order of proceeding; of course, none can be paid without a credit opened under authority of a law permitting the payment; no payment can be made under that credit, unless a special order (*mandat*) is signed by a proper officer, and addressed to the special officer with whom the credit is opened; and, finally, no payment can be made, unless the officer to whom the *mandat* is addressed finds every previous step in accordance with law and instructions; and when the dis-

bursing officers make their return, it must appear that every formality has been observed, and that the whole proceedings are according to law, and in due form, or the credit will not be allowed.

The whole proceedings of the officers of the Treasury in the processes of payment, and their mode of rendering their accounts, are subject to the scrutiny of a court of accounts, consisting of a president (*premier*), three vice-presidents (*de chambre*), eighteen master counsellors of the first class and sixty-two of the second class, and of a *procureur-general*. There is here abundant preparation for scrutiny and watchfulness. But, although the forms are complete, the system perfect, the accountability strict and steadily enforced, and although nine-tenths, and more, of the officers may be thus held to strict official honesty, there must still be points of contact between the system and the outside world, at which frauds may enter and pass through all the forms which official care and experience have provided in the way of prevention. Extreme complication may, indeed, be the very hiding-place of peculation; and it may be more difficult to follow the traces of a systematic robber of the public, than if he had no such forms as a cloak to villany.

It has often been shown that the French Treasury, however complicated its machinery, and however numerous its official incumbents, is not without its proper connection and sympathies with the business of the people. Among its numerous officials is one in direct relation with the Chief Minister of Finance, who has special charge of the locality of all money in the Treasury. He can neither receive nor pay money; but he can transfer the public money from one office of the Treasury to another, and place it wherever the exigencies of the Government may require. It is in the office of this functionary that is established a direct and very important connection with the current business of the day. His duty requires of him a careful and timely study of the points of public expenditure; he must know not only where the money will be wanted, but he must have it ready when required. To accomplish this important object, it becomes his duty to study the domestic trade of the country, that he may avail himself of the internal exchanges in the necessary distribution of the money in the Treasury. In quiet times it seldom happens that the French Treasury ever shifts the locality of its actual money balances. It may require many circuitous transfers to move the excess in some departments skillfully and promptly, so as to supply the deficiency in other departments. To make these transfers, the officer who has special charge of that duty relies almost wholly on the domestic exchanges. He is well informed where funds are wanted for the purposes of industry or trade; he learns where and when those who reside in the vicinity of each office of the Treasury desire to remit funds; and he learns whence and when they wish to draw them. His office becomes the depository of this information, because he intervenes in this business of giving drafts upon the Treasury,

payable at other points, and giving money at his own office for money received at other offices. His intervention in the transmission of funds assists in balancing the internal exchanges of the country; for, of course, the office is only applied to when the business of individuals requires such accommodation. But this business is not confined to receiving money at an office of the Treasury in one place, and paying the amount as may be required at another office, in a different place; that is, to a mere exchange of money between the Treasury and individuals at different places; it goes much further. At times and places where large transfers of funds become necessary, the proper officer of the Treasury becomes the receiver of commercial or individual paper to a large amount, and, as this machinery was used to very good purpose during the negotiation of the late war loans and the payment of the war-fine, it is worthy of a little further investigation.

The Receivers-General of the eighty-six departments, and their subordinates, the Receivers of the Treasuries of the Arrondissements and Communes, maintain reciprocal business relations by frequent exchanges of money, by drafts upon each other, and by bills upon Paris and other places. The chief officers of the Treasury become, by the constant report of this business to them, intimately acquainted with the whole industrial and commercial movement of the population. They regard it as extremely important to these interests that the money which is necessarily withdrawn from private uses for public purposes should be retained in the Treasury as short a time as possible. Out of the immense sums annually remitted from the country treasuries to Paris, not more than ten per cent. is ever at one time in the public treasuries. This shows that disbursement follows so rapidly upon receipt that the money taken from the people for taxes does not remain, on the average, more than a month or two out of its proper channels, and that the Government has carefully reduced this inconvenience and disadvantage of taxation to the lowest possible point. By this regular and constant communication with men of capital and business, by this constant association with them in the business of transferring funds, the officers of the Treasury are able at all times to command, in advance of the regular receipts, large sums of money, which are freely placed in the public Treasury at low rates of interest. Money is, in fact, frequently pressed upon the various Receivers by those who desire short but safe investments, and by those who would secure, in good season, the aid of the Treasury in placing money at particular points. The Treasurers of the departments do not lend money, though they receive it in the way of short loans; they transfer money for individuals, and they purchase bills of exchange upon such points as the exigencies of the public may require. Upon one side, then, there are open relations between the public Treasuries and the movements of trade industry and currency; that is, upon the side of the domestic exchanges of the country; the transactions of the Treasury, in relation to the distri-

bution of its funds, are blended with the movements of the internal exchanges as conducted by the individuals concerned in it. This constitutes a very broad field of contact between the business of the country, from which the money is withdrawn by taxation, and the public Treasury. The public money, being retained for the shortest possible time, is so managed, nevertheless, as to render an important service in aiding and regulating the internal exchanges. Taxation having reached, in France, a point beyond which it cannot be increased without passing the ability of the people to pay, an alleviation of the burden, like that we have just mentioned, is of signal advantage. According to the old revenue system of France, the money remained for many months in the hands of the Receivers, who merely made advances, on interest, to the Government from time to time, and settled their accounts once a year. Now, all money is held to be in the Treasury from the moment it is received into the office of any department; and it is sent into the general circulation again with as little delay as possible. The assistance thus afforded to the adjustment of the domestic exchanges greatly promotes punctuality in commercial and industrial payments and remittances, by diminishing the expense and the disturbances occasioned by paying the balances of the internal trade. Such are the chief features of the present financial system of France by which it is so closely connected with the internal trade and exchanges.

The Marquis d' Audiffret declares that, under this system, the expenses of the negotiations or transfers of the Treasury fell from 55,000,000 of francs to 2,000,000 or 3,000,000 upon the movement of four to five milliards of francs; and we know that the organization upon which this business proceeds has long been upon such a solid basis that it has survived uninjured many political revolutions.

No intermediary is permitted by the Treasury in its financial operations. All that is done between the officers of the Treasury and men of business must be done in forms and methods of the Treasury, which takes all the power and assumes all the responsibility. Not even the Bank of France is exempt from this rule. It deals with the Treasury only as individuals may do; there is no financial connection between the Bank and the Treasury. The Treasury is enabled by law, through its officers, to perform all the acts necessary to its full operation, without any dependence on the Bank. It would borrow from the Bank of France only as it would from individuals. The Treasury is itself an institution having many of the features of a bank, of which the officers in the departments are branches. It absorbs a large portion of the business of the domestic exchanges, because the distribution of the public funds is a business of the same nature. To keep the public exchange, or distribution of funds, wholly separate from the private would be an injury to both. The Receivers of the departments are authorized, under the direction of the minister having special

charge of the distribution of the public moneys, to deal in the domestic exchanges so far as may be needful to effect the objects of the Treasury. And for this they are allowed to charge a commission, when the rates of interior exchange admit of it without expense to the Government. It is obvious that the effect must be to facilitate remittances, promote punctuality, and lessen the rate of domestic exchange. The latter result is so obvious that it has often been the subject of complaint that this intervention of the Treasury in the domestic exchange is an injury to bankers who are specially engaged in this business. To this it is replied that the Treasury, in doing this, is only attending to its own business in the best way, and that all its exchange transactions in paper are but a branch, or a small fraction, of its business. The profits made by the Receivers are an economy to the Treasury, because it is by this mode of proceeding that the expense of distributing the public funds is reduced to its minimum.

The Receivers-General, eighty-six in number, are the constant auxiliaries of the local officers, whose operations and acts they aid by timely provision of the ways and means applicable to the necessities of every day and every locality. It is, in fact, through them that the Treasury is enabled to meet every exigency, by its ready access to the capital of men throughout the country, who willingly commit their money to the public through the hands of these faithful depositaries of the National funds. It is through the confidence they inspire, by their careful regard for private as well as public interests, that the idea of taking shares in the great book of the National debt is becoming daily more familiar and popular. It is upon the faith reposed in these treasuries of the departments, and upon the advances they can always command, so fully proportioned to the necessities of the moment, that a reserve of more than a hundred millions of francs is constantly at the disposition of the Minister of Finance.

"Could any rival system replace," asks d' Audiffret, "with such security and economy, a Treasury system so well tried, and so much approved in France; so generally admired abroad, so favorable to all interests; a system which, subjected for more than thirty years to the perilous vicissitudes of so many political changes, has not ceased its regular operation for a single day; has not for one instant superseded the full use or due application of the public funds; has not suffered any deficit of the money in charge, nor any misapplication of resources, general or special; and has promptly, in all circumstances, yielded to the requirements of law, and to the checks of that accountability needful to public security?

"The task of a Minister of Finance would be incomplete, as a regulator of the movement of the National wealth, if he could not direct the distribution of the public funds derived from taxation and from credit; funds which, from this double source, are pouring into the Treasury, and from the Treasury into the channels of a

circulation of paper and of coin; which funds are thus continually withdrawn for a short time from the employments of industry and trade, to be immediately restored. The local equilibrium of receipts and disbursements cannot be maintained properly and exclusively for the public Treasury, if at the same time private interests, so far as they are concerned in the matter, are not assured by a wide and skillful management in the distribution of the public funds.

"France is the only nation which has fully appreciated the intimate connection between the operations of finance and the general movement of individual transactions, and which has kept them in perfect harmony with each other, without disturbing the regular progress of either, by means of a mechanism skillfully adapted to the administration of the Treasury.

"But that this incessant disposal of the means and daily exigencies of every locality be not deranged, in the hand which regulates it in all parts of the country, it is indispensable to leave to his direct and immediate disposition the numerous agents and functionaries who accumulate the funds to be distributed, who transmit them sometimes from the tax-payer to the public creditor, sometimes from the offices of the Receivers into the channels of commerce, in exchange for credits in accounts current, or for bills of exchange, payable on time at Paris, and upon other places. These conversions of specie into commercial paper on time, these reciprocal advances of the agents of the Treasury, and their private or unofficial correspondents, who accept from and render favors to the public Treasury, according to local necessities and the wants of the Treasury, maintain at all points of the country the ways and means necessary to balance the exchanges, assure the punctual fulfillment of all engagements, and give a firm basis not only to private but to public credit. This beautiful financial organization gives great energy to the action of authority, by affording assistance to all interests, public and private, and thus aids the execution of its orders, even in times of the greatest difficulty.

"The example of other nations has amply taught us how imprudent it is to abandon a prerogative involving such influence, to establishments directed by a special, and, so to speak, individual interest, and which are not attached by strict ties to the direct and universal impulse of Government. This powerful consideration counsels us, in France, never to extend the sphere of public banks and institutions of credit beyond a certain limit, distinctly and practically traced, by the power of the existing circulation. It is enough that banks and institutions of credit be permitted to supply that deficiency of the circulation which the present stock of money, the existing currency and the operations of the Treasury, with all its subordinate officers and functionaries, cannot furnish."

It is alleged as a great fault in the financial system of the United States, that it is wholly secluded from the business of the country; that it manages the whole transactions of the public

Treasury without reference to any direct benefit which might be conferred upon the people at large, or any burden which might be lessened, or any regulating power which might be beneficially exerted; but, as has been well observed, France is not America, and few of us are sufficiently informed of the details and results of the French system, in regard to which the Marquis indulges so much complacency, to make a fair comparison between them. We have no reason to question his conclusions, but we need information in regard to the practical operation of that mode of dealing in domestic exchange carried on so extensively by the Treasury of France through its branches in the departments. Until this is known in detail, no satisfactory conclusions can be reached, and no reliable estimate can be formed of the true value of the system, and especially of its applicability elsewhere.

From this and other passages in the works of the Marquis d'Audiffret, it is seen that the friends of the present admirable financial system of France have an objection to multiply banks of circulation. It is remarkable that whilst both partake of this feeling, they have taken opposite directions in their practical measures. In France the public Treasury has resolved itself, through its eighty-six branches, into a great institution for the management, aid and regulation of the domestic exchanges, having many of the characteristics of a vast National Bank. In this country all connection with the current business has been severed; the Treasury performs no function of a bank, it recognizes no persons but those from whom it receives money, and those to whom it pays money—its debtors and creditors. Whatever has been done beyond this is against the spirit of the system and the letter of the law. Like an individual who keeps no bank account, our public Treasury merely receives, keeps and pays out its own money. The people of the United States make all their large payments through banks; the Treasury as far as possible ignores them.

The French Treasury associates itself with the general business of the country, so far as even to fill, to some extent, the place of banks or institutions of credit; the idea being, that, so far as the Treasury can afford the same facilities in regard to domestic exchange which banks give, it should do so to the exclusion of banks; that private institutions, wholly under the guidance of private interests, cannot so fully promote the general interests as the action of the Treasury, when directed to the same ends.

The policy of this country is, that neither banks nor individuals should be allowed much discretion in transactions where the public funds are concerned. Our experience has thus developed less confidence in official virtue than the Bureaucratic Administration of France and of Continental Europe. The causes of this diversity belong to the second department of inquiry to which we referred at the beginning of this article.

INDUSTRIAL GROWTH AND SOCIAL DEVELOPMENT.

[*From Mr. David A. Wells' Address to the Social Science Congress at Detroit,* 10 *May,* 1875].

I propose to ask your attention to a line of thought touching two agencies, which, perhaps, more than any other, are contributing to the molding and development of society, namely, the production or accumulation, and the distribution of that which we call capital, meaning thereby abundance of all those things which contribute to our well-being, comfort and happiness. My first proposition is, that never before in the history of the world has man, through the control which he has obtained over the forces of nature, and the use which he has made of such control, been able to produce so much with a given amount of personal effort. An old and familiar illustration of this is embodied in the statement that in Great Britain alone the force evolved through the combustion of coal and applied to the performance of mechanical work, is equivalent to the muscular power of at least one hundred millions of men; or, to state the case differently, the result attained to is the same as if the actual laboring population of Great Britain had been increased twelvefold, without rendering necessary any corresponding increase in production for the support and sustenance of this additional number. Another illustration to the same effect, but one less familiar and more recent, is afforded by the construction and operation of the Suez Canal. Thus a few years ago a swift voyage from England to Calcutta, viâ the Cape of Good Hope, was from 110 to 120 days. Now steamers by way of the Canal make the same voyage in about 30 days. Here, then, is a diminution of 75 per cent. in the enormous stocks of goods continually required to be held unused, involving risk of depreciation, loss of interest on capital, and increased cost of insurance, to meet the reqirements of mere transit. Add the fact that the improvements in marine engines enable these vessels to work with one-tenth less coal, and therefore to carry proportionally more cargo than they could some seven or eight years ago; and that the construction of the telegraph between England and India enables dealers and consumers also to regulate their supplies without carrying excessive stocks of commodities, keeps prices steady and discourages speculation,—and we have in this single department of trade and commerce a saving and a release of capital and labor for other purposes and employments that amounts almost to a revolution.

What is yet to be accomplished in the way of increasing the proportion of product to manual labor, time alone can show; but there is no evidence at present to indicate that we are approaching any limitation to further progress in this direction. A writer in the London *Economist* in 1873, evidently most conversant with

his subject, claimed that the industry of the population of Great Britain at that time, taking man for man, was nearly twice as productive as it was in 1850; and I do not think any one can review the industrial experience of the United States as a whole since 1860, and not feel satisfied that our average gain to the power of production during that time, and in spite of the war, has not been less than from 15 to 20 per cent. And if this statement should seem to any to be exaggerated, it is well to call to mind that it is mainly within the last 15 years that the very great improvements in machinery adapted to agriculture have come into general use; that whereas, a few years ago, men on the great plains of the West cut grain with the cradle and sickle, toiling from early morn to dewy eve, in the hottest period of the year, the same work may be done now almost as a matter of recreation; the director of a mechanical reaper entering the field, behind a pair of horses, with gloves on his hands and an umbrella over his head, and in this style finishing the work in one-tenth of the time which twenty men would formerly have required, and in a manner much more satisfactory. I would also recall to you that in the manufacture of boots and shoes three men now, with the aid of machinery, can produce as much in a given time as six men, unaided, could have done in 1860; that we have 40,000 more miles of railroads now than we then had to assist us in the work of exchange and distribution; that we can send our telegrams now for less than half what it actually cost to do the work in 1866; and finally, taking the Pennsylvania Central Railroad as a type, that we can send our freight at an average of 1 48-100 of a cent per ton per mile, as compared with a charge of 2 41-100 on the same road for the same service in 1864.

And as a curious incident of this continued progress, it may be here also noted that the abandonment of large quantities of costly machinery in most branches of staple manufactures, and its replacement by new, is periodically rendered a matter of absolute economical necessity, in order to produce more perfectly and cheaply, and at the same time avoid the destruction of a much greater amount of capital by industrial rivalry, thus strikingly illustrating an economic principle to which attention was, I think, first called by my friend, Mr. Atkinson, of Boston, that the absolute destruction of what has once been wealth often marks a greater step in the progress of civilization than any great increase in material accumulation—the breaking up and destruction of the old machinery and its replacement by new in the cases referred to being the sole conditions under which a diminution of the cost of production could be effected and the abundance of product be made greater.

We are often accustomed to speak of, and perhaps look forward to, a period which we call "millennial," which is to be characterized in particular by an absence of want of all those things that minister to our material comfort and happiness; but when that period arrives, if it ever does, one of two things must take place —either man must so far change his nature as to be able to exist

in comfort, without a supply of all those objects which are comprised under the general terms, food, clothing, shelter and luxuries —or else the forces of nature must be so much further subordinated and brought under our control as to do all our work for us, instead of now doing only a part, and thus become in every respect our sole ministers and servants. But when that time comes, then all material wealth, as we ordinarily understand it, must disappear; for that only is wealth which has exchangeable value; and that only has exchangeable value which is desired; but we can neither value nor desire that which, like the air, is at all times given to all in excess of any possible use or necessity. But fanciful as may be this speculation, it is nevertheless a most interesting and suggestive circumstance that all of our true material progress is constantly in this same direction; inasmuch as the great result of every new invention or discovery in economic processes is to eliminate or discharge value—making those things cheap which were before dear, and bringing within the reach and use of all what before were exclusively for the use and enjoyment of the few. Thus, in 1170 Thomas â Becket was accounted extravagant because he had his parlor strewed every day with clean rushes; and 400 years later cloth was so scarce that Shakespeare makes Falstaff's shirts cost him four shillings an ell; but nowadays few are so poor as not to be able to afford a carpet for their parlor; and making allowances for the purchasing power of money at different epochs, Falstaff's four shillings would now give him nearly forty times the same quantity.

That this wonderful and combined increase in the gross product of every department of human industry and enterprise has been also attended with a general rise in the standard of comfort, leisure and enjoyment everywhere available to the masses, is sufficiently proved by not only the most superficial observations, but also by a great variety of statistics. Thus, for example, the British commercial reports indicate that the ability of the population of Russia and of Germany to consume cotton has at least doubled since 1851; and that in Sweden the increase has been fourfold, and in Paraguay fivefold. And not merely has the consumption of cotton cloth increased in near and remote regions, but the ratio of absorption among the working classes of Europe of articles which a generation ago were to them luxuries, has also been most rapid and remarkable—the ratio of increase having been most marked in the yearly *per capita* consumption of meats, tea, sugar, coffee, cocoa, wines and sherets. But gratifying as these evidences of increasing abundance certainly are, the cry of the poor, at least to the superficial observer, seems not less loud, and the difficulties of earning a living, or of getting on in the world, seem not less patent than they have always been; while the discontent with the inequalities of several conditions are certainly more strikingly manifested than at any former period. To understand fully the origin of this social paradox is to presuppose a full understanding of the whole domain of social science or of the laws

and phenomena involved in all society relations—a degree and comprehensiveness of knowledge which, it is safe to affirm, have been attained by no man. But there is at the same time a record of experience indicating the duties which are incumbent on society in respect to some of these matters, to which I would next ask your attention.

In the first stage of society, property can hardly be said to exist at all, or it exists in common. In the second stage individual rights appear, but property is to a great extent held and transferred by force, and the generally accepted principle governing its distribution is, that "might confers right." As society has progressed, however, the reign of violence and lawlessness has gradually diminished, until now the acquisition and retention of property has come to depend on superiority of intellect, quickness of perception, skill in adaptation, in the cunning and the quick being arrayed against the ignorant and the slow; while the principle which has come to be the generally accepted basis of all commercial, industrial, and financial transactions is succinctly expressed by the coarse and selfish proverb, "Every man for himself and the devil take the hindermost;" and if we consider these terms as symbolical, and for the word "devil" substitute absence of abundance, want, misery, and privation, and for the word "hindermost" the masses who constitute the bulk of every densely populated community, then, it must be confessed, that the devil has thus far been eminently successful. But the governing and controlling influences of society—meaning thereby the rich, the well-to-do, and most intelligent classes—have for a considerable time found out one thing of importance, and are beginning to find out another theory of even greater significance.

The thing that they have found out is, that it is not for the interest of any portion of society, regarded simply from the standpoint of individual selfishness, and not in accordance with the religion of Christ and humanity, to allow the devil to take, anywhere or to any extent, the hindermost; and the theory which they are beginning to find out is, that the hindermost, who constitute in this struggle for the acquirement and retention of property the masses, are becoming fast conscious of their power and influence, and are determined of themselves that they will not, if they can help it, be captured by the devil of civilization; and, if obliged to succumb to him, may, like the communists of Paris, endeavor to draw down with them the whole fabric of society into one common vortex of destruction.

Out of the first of these discoveries have come schools, hospitals, churches, sanitary and social reforms, the spirit and power of charity, and all brotherly kindness; out of the second, strikes, trades unions, the crystalizing antagonisms of labor against capital, the spirit and teachings of socialism, the practices of communism. It took society a good while to make the first discovery; but it has been forced upon it through bitter and costly experience.

There was probably no less of kindness of heart 500 years ago among individuals than now; no less of natural sympathy with the poor; no less of individual religious zeal to do as we would be done by. But society certainly did not think as now, in respect to these things which society only can properly control and regulate; as, for example, sanitary reform, general education, protection of private rights, and the like.

Furthermore, as showing how social science investigations are taking propositions of this character out of the domain of philanthropic theory, and making them practical matter of fact demonstrations, I submit to you the following illustrations: Thus it has been estimated, in England, that the ordinary expenses of bringing up a child, from infancy to fourteen, in the best managed institutions or asylums, cannot be put down at less than 4*s.* 6*d.*, or somewhat over $1 per week, and for the United States is undoubtedly much greater. But taking the minimum sum as the basis of estimate, and allowing nothing for any outlay for education or amusement, the cost at fifteen will have amounted, without interest, to more than $800, and at eighteen, allowing for all expenditures and for interest, each individual may be regarded as an investment by society of at least $1,500 of capital economized for production.

Now, if from this period the individual fails to fully earn his own living, society loses not only the amount expended for his bringing up, but somebody else must be taxed on labor and capital to provide for his future support and maintenance, so that the general stock of abundance at the disposal of society is not increased but diminished. If the individual turns pauper or mendicant, and does nothing whatever for his support, his cost to society will be greater, though somewhat differently apportioned. If he turns thief, he will be supported even yet more expensively by the community, for he will be maintained by plunder or in prison. But in whatever condition he may live, either idle or vicious, in prison or out of prison, the loss incurred by the community through each such individual for his life, which after the attainment of fourteen, according to the life insurance tables, is likely to continue about forty years, could not be less than $5,000—a loss in Massachusetts alone, in which State at least one in fourteen of the entire population is a pauper, a criminal, or needlessly idle and dependent, would be equivalent to an unproductive expenditure of over $500,000,000 of capital—the results of some other person's labor for each and every generation. And thus it is, that, reasoning from a purely economic point of view, and leaving all moral and religious conditions out of sight, we arrive at an absolute demonstration that the very best thing society can do to promote its purely material interests is to so far abandon its old principle of "each man for himself," that each man shall concern himself with the welfare of his neighbors and fellow-citizens, to the extent, at least, of seeing that the devil be nowhere permitted to take even the humblest and weakest of the hindermost.

"The study and investigation of these questions of taxation, currency, and the production and distribution of wealth," said one of our best-known philanthropists lately, "are all very well and undoubtedly most important. But somehow they do not interest me. They seem to me to be wholly material, while the great theory, in my opinion, to be worked for on behalf of society is the attainment of a larger life." Now, as to this ultimate issue and end of all our effort, I fully agree. A larger life is the one thing essential. It is the consummation of all sound progress; the crowning glory of all Christian civilization, the aspiration of a future state of existence. But on this earth, and while we continue in the flesh, in order that there may be a larger life, there must be an exemption from such servitude of toil as precludes leisure; and in order that there may be more leisure, much less want, there must be greater abundance; and in order that there can be greater abundance there must be larger production, more economical using, and a more equitable distribution, so that instead of there being any real or fancied antagonism or diversity of interest between the work of investigating and determining the laws which govern the production and distribution of wealth, and the business of calling men to a larger and a higher life, the women, as society is at presented constituted, must be the forerunners and coadjutors of the men, or the labor of the latter, as has been too often the case, will be labor in vain. If this proposition be correct, then, it is a condition precedent to the future progress and well-being of society—first, that there shall be continually increasing abundance; and second, that this abundance shall also, to the greatest extent consistent with the retention and exercise of individual freedom, be equally distributed among the masses. And the great question of the age, one which the course of events shows we must before long, either voluntarily or involuntarily, meet and answer, is, how can these ends be best accomplished?

To the majority of those who have undertaken to discuss these questions in the interest of labor the idea is a favorite one, that the ends desired can be more fully and rapidly attained through the enactment of law; but in respect to the extent to which the law is to be made operative, the ideas which are entertained and expressed have no little of diversity. In Europe, the masses, emerging from the sluggishness and torpor in which for centuries like brutes they have been content to suffer and to wait, and grasping at once the idea—long familiar to the people of this country—that all men are created equal, have speedily passed to a conviction that because thus created equal they have in common with all an equal right to all acquired property. And, hence, we find such leaders of the labor movement as Proudhon, and others in Europe, assuming and maintaining the position that "property is theft," and demanding that through legislation the State shall take possession of all property, and provide for all its citizens an equal and adequate support.

Now, it would seem as if no argument could be needed in this country to expose the wickedness and folly of such a proposition; and yet such doctrines, in a thinly disguised form, are continually preached in this country by men claiming to be respectable and intelligent, to a much greater extent than the community are generally aware; and not only preached, but received with an apparently increasing favor and interest. Thus, for example, in a tract issued by one of the recognized leaders of the eight-hour movement in Massachusetts, I find the statement that the ultimate end and meaning of this special labor reform movement is the compulsory limitation of labor by legislative enactment to six hours per day, and that out of this and co-operation it will follow that "the commonest or most obscure laborer will live, if he chooses, in a dwelling as beautiful and as convenient as any which are now monopolized by the wealthy." To render his plan, however, in any degree practicable, the author should not omit to provide by statute that all men should be born with an equal physical and mental capacity for production; and if any one by increased industry and economy should perchance produce more than another, the surplus should be forcibly taken from him without compensation. Under such circumstances it cannot be doubted that all, at no distant day, would come to live in houses of great similarity, but the style of architecture which would prevail would probably closely resemble that which now characterizes those truly free localities, like the desert of Sahara, the interior of Cuffee's land, or the domains of the Esquimaux. Other illustrations to the same effect may be found in the circumstances that a paper is now issued regularly in New England, which is devoted mainly to the object of combating the receipt of interest for the loan or use of capital, or, what is the same thing, of combating abundance or accumulation; that the same idea finds favor in numerous pamphlets recently issued in various parts of the country, and some of which exhibit no small ability; and, finally, in the disposition so frequently evinced by our legislative bodies to deal with corporate property in accordance with the principle of might rather than in accordance with the principle of right.

Allow me to call your attention to an illustration of the extreme slowness with which that which we call capital accumulates, even under the most favorable circumstances. By the census of 1870 the aggregate wealth of the United States, making all due allowance for duplicate valuations, was not in excess of $25,000,000,000. But, vast as this sum is, and difficult as it certainly is for the mind to form any adequate conception of it, it is nevertheless most interesting to inquire what it is that, measured by human effort, it represents. And the answer is, that it represents the surplus result of all the labor, skill, and thought exerted, and all the capital earned and saved or brought into the country for the last 280 years, or ever since the country became practically the home of civilized man. Now, with capital, or the instrumentality for creating abundance, increasing thus slowly, it certainly stands to

reason that we need to be exceedingly careful, lest by doing anything to impair its security we impair also its rate of increase; and we accordingly find, as we should naturally expect from the higher education of our people, that the idea of a compulsory division of acquired property finds but comparatively few advocates upon this side of the Atlantic.

But, at the same time, we cannot deny that many of the most intelligent of the men interested in the labor-reform movement in this country, taking as the basis of their reasoning the large nominal aggregate of the National wealth, and the large advance which has recently been made in the power of production, and considering them in the abstract, irrespective of time or distribution, have nevertheless adopted the idea that the amount of the present annual product of labor and capital is sufficient for all, and that all that is necessary to do to insure comfort and abundance to the masses, is for the State to intervene and compel its more equitable distribution. Now, that a more equitable distribution of the results of production is desirable, and that such a distribution does not take place to the extent that it might without impairing the exercise of individual freedom, must be admitted; but before undertaking to make laws on the subject, it is of the utmost importance to find out how much we have really got to divide. Let us see. Stated in money, the maximum value of the annual product of the United States is probably not in excess of seven thousand millions; of which the value of the annual product of all our agriculture—our cotton and corn, our beef and our pork, our hay and our wheat, and all other articles—is returned by the census, with undoubted approximative accuracy, at less than one-half this sum, or, in round numbers, $2,500,000,000.

But while this sum of estimated yearly income, like the figures which report the aggregate of our National wealth, is so vast as to be almost beyond the power of mental conception, there is yet one thing about it which is certain and can be readily comprehended; and that is, that of whole product, whether we measure it in money or in any other way, fully nine-tenths, and probably a larger proportion, must be immediately consumed, in order that we simply live and make good the waste and loss of capital previously accumulated, leaving not more than one-tenth to be applied in the form of accumulation affecting future increased production and development. Or, to state the case differently, and at the same time illustrate how small, even under the most favorable circumstances, can be the annual surplus of production over consumption, it is only necessary to compare the largest estimate of value of the annual product with the largest estimate of the aggregate of National wealth, to see that practically, after 250 years of toiling and saving, we have only managed, as a nation, to get about three and a half years ahead in the way of subsistence; and that now, if, as a whole people, we should stop making and producing, and repairing waste and deterioration, and devote ourselves exclusively to amusement and idleness, living on the accumulations of our

former labors, or the accumulations of our fathers, *four* years would be more than sufficient to starve three-fourths of us out of existence, and reduce the other fourth to a condition of semi-barbarism; a result, on the whole, which it is well to think of in connection with the promulgation of certain new theories, that the best way of creating abundance and promoting comfort and happiness is by decreasing the aggregate and the opportunities of production.

The railroad system of the country is estimated to have cost more than $2,000,000,000, but, if left to itself, without renewals or repairs, its value as property in ten years would almost entirely vanish.* And so with our ships, our machinery, our tools, and implements; and even our land when cultivated without renovation, for it is to be remembered that these same forces of nature, which we have mastered and made subservient for the work of production, are also our greatest natural enemies, and, if left to themselves, will tear down and destroy much more rapidly than under guidance they will aggregate and build up. A single night was sufficient in Chicago to utterly destroy what was equivalent to one-quarter of the whole surplus product which, during the preceding year, the nation had accumulated; and of all the material wealth of the great and rich nations of antiquity, of Egyptian, Assyrian, Tyrian, and Roman civilization, nothing whatever has come down to us except, singularly enough, those things which, like their public monuments, could never have been possessed of a money valuation! But the inferences which we are warranted in drawing from these facts and figures are by no means exhausted. Supposing the value

* Mr. Wells seems to have fallen into serious error here. No estimate from any competent authority has set down the cost of our railroad system at so low a sum as that mentioned above. Nor has any such authority expressed the opinion that "if the railroad system were left to itself, without renewal or repairs, its value as property" would continue for one year or for ten years before it would "almost entirely vanish." *Poor's Manual* gives the cost of the railroad system in December, 1873, at $3,784,543,034, or nearly double the amount of Mr. Wells' estimate. Moreover, on this capital so invested in them, our railroads earned, in 1873, according to Mr. Poor's careful computations, 4.96 per cent. on their total cost of 4,000 millions of dollars. If Mr. Wells' estimate were anywhere near the truth, our railroads must be earning twice as large a percentage on their cost as Mr. Poor's tables show. In other words, the railroad system of this country is earning more than nine per cent. upon the capital spent in its construction. To such an absurd conclusion should we be led by the error into which Mr. Wells has allowed himself to fall. But the other mistake we pointed out is worse still. Mr. Wells intimated to his friends at Detroit that our railroad system could go on for several years without repair, and that in spite of this neglect its value as property would remain, or would require ten years to vanish away. If Mr. Wells had only given as much attention to the great laws of economic science which have to do with the growth and destruction of capital as he has devoted to some of the other subjects elucidated in his address at Detroit, he would have much enhanced the value of his work, besides affording more efficient aid to the excellent society over which he presided.

Such a thorough exploration of the economic laws which concern capital will soon dissipate the chimerical fear that the productive power of man and his control over the forces of nature will hereafter be so multiplied that he will be able to live without work, or, as some theorists express it, that "the great result of every new invention in economic processes is to eliminate or discharge value," so that men will be able, as society advances and productive wealth grows, to live with less and less work till at length "value is discharged" so completely that the labor of man will be all but unnecessary and the idle classes will inherit the blessing. The Scripture maxim, "if any would not work neither should he eat," is, we believe, no less important in the domain of economics than in that of theology or ethics. All history and all experience combine to show that the growth of wealth stimulates men's exertions, enlarges the scope of their enterprise, and compels them to work more and more as civilization advances. The law is just the opposite of that stated by Mr. Wells, for there is abundant reason to believe that if the stimulus of labor, the necessity "to work in order that we may eat," should be removed, this earth would lose one of the most potent conditions which fit it to be the abode of man and the theater of his trial and development for a future career of unending improvement. However this may be, the principle is well established and has long been generally acknowledged, that the growth of capital increases the field for the employment of labor, and enlarges both our capacity and our need to employ ourselves in productive toil.

of our annual product—$7,000,000,000—to be equally divided among our personal population of 40,000,000! Then the average income of each individual would be $175 per annum—out of which food, fuel, clothing, shelter, education, traveling expenses, and means of enjoyment are to be provided, all taxes paid, all waste, loss, and depreciation made good, and any surplus available as new capital added to former accumulations.

Now, if at first thought this deduction of the average individual income of our people seems small, it should be remembered that it is based on an estimate of annual National product greater both in the aggregate and in proportion to numbers than is enjoyed by any other nation, our compeers in wealth and civilization; and, further, that this $175 is not the sum which we actually receive, but the average sum which each would receive were the whole annual product divided equally. But, as a practical matter, we know it is not divided equally, and, furthermore, that so long as men are born with different natural capacities, it never will be so divided. Some will receive, and do receive as their share of the annual product, the annual average we have stated, multiplied by hundreds and even thousands, which, of course, necessitates that very many others shall receive proportionally less. And how much less is indicated by recent investigations, which show that for the whole country the average earnings of laborers and comparatively unskilled workmen is not, on an average, in excess of $400 per annum, the maximum amount being received in New England, and the minimum in the Southern or former slave-holding States; which sum, assuming that the families of all these men consist of four (the census of 1870 says five)—two adults and two children—would give $100 as the average amount which each individual of the class referred to produces, and also the amount to which each such individual must be restricted in consumption; for it is clear that no man can consume more than he produces, unless he can in some way obtain the product of some other man's labor without giving him an equivalent for it.

We are led to a conclusion that, notwithstanding the wonderful extent to which we have been enabled to use and control the forces of nature for the purpose of increasing the power of production, the time has not yet come when society in the United States can command such a degree of absolute abundance as to justify and warrant any class or individual, rich or poor, and, least of all, those who depend on the product of each day's labor to meet each day's needs, in doing anything which can in any way tend to diminish abundance. And, furthermore, that the agency of law, even if invoked to the fullest extent in compelling distribution, must be exceedingly limited in its operations. Street processions, marching after flags and patriotic mottoes, even if held every day in the week, will never change the conditions which govern production and compensation. Idleness produces nothing but weeds and rust, and such products are not marketable anywhere, though society often pays for them most dearly.

BANK RESERVES.

By John B. Howe.

(Concluded from May Number, page 876.)

The conclusions from the foregoing are, that deposits and circulation constitute one total of money; that each is the complement of the other; that no material change in principle has been wrought by deposits, because deposits and circulation are still but a series of reserves, as before deposits circulation was; that a paper circulation is a simple arrangement, the paper taking care of itself; that deposits constitute a kind of half-way house, when paper money is detained from redemption, whereby a redundancy is sometimes allowed to proceed to disastrous results; that a paper circulation can be maintained with a small and even somewhat variable reserve; that deposits being a system whereby a part of a large given total of money performs the functions of the whole, this part should be kept in a fixed ratio, but nevertheless cannot be so kept in a multitude of banks; that a paper circulation is, upon scientific principles, sound, if it can be made to fluctuate as gold, and that the chief office of gold, where there is such a circulation, is to regulate it; that to carry out to its extreme limits the abstract theory of using the smallest amount of gold possible is not sound economy, and that to do so might defeat the very object in view, by depreciating the value of the measure of all values; that the chief object in regulating a paper circulation by a fixed ratio with gold is thereby indirectly to regulate deposits in the only way it can be done; that popular fallacies in respect to money arise from seeing only the phenomena, which appear at first view without an investigation, and that these fallacies are perpetuated in turn by the words used in describing the phenomena—such as "banker's reserve," "tools," "circulation," "rapidity of circulation," "balancing of debts by the clearing-house," "credit in bank," etc.; that credit acts only on the price of the particular kind of commodities, or capital purchased, while a purchase of the same by means of credit, following a loan in bank, expands the price of all commodities; that the equilibrium of prices can only be restored, first, by sales, and secondly, if sales are not made, by an export of gold, which must be continued until sales are forced, and that the artificial forcing by raising the rate of discount is demanded by true science for the benefit of commerce; that this disturbance of equilibrium thus immediately rectified is comparatively unimportant; that the return of gold ought to be, as it is, hailed with satisfaction, not because the gold is wanted for circulation, but because it is the sure and only index that the equilibrium has been restored, and usually more than restored, so that discounts can be made for other purposes; that the cause of all these phenomena is the fact

that gold is the money of the commercial world and is likely to continue so, because, amounting, as we will suppose, to some $ 5,000,000,000, its annual increase over that of capital must be very small, and therefore there is no other material which would vary so little; that for these reasons it is impossible for commercial countries to do business without a large supply of gold; that to dispose of a large portion of what they have would be impossible, and that even if gold could be entirely dispensed with, the commercial world would not be the gainer; that the true reason, therefore, ordinarily, why money is scarce for discount, scientifically stated, is the fact, not that goods have been bought on credit and not sold, which may take place without discount, but because a loan has been made in bank and the money paid in gold or notes to the borrower, or a credit given him in bank, resulting, in either case, in the creation of a new reserve for him out of all the reserves of depositors, without, in effect, diminishing their reserves at all, giving new purchasing power; purchasing power coming, not only from coin, but from what will immediately bring coin; that although fresh means of discounting anew arise ordinarily by sales, and by sales following purchases, it is a mistake to suppose that they can always be restored by sales; because the discounts may be expended in labor upon unprofitable undertakings, which, until they are about to be completed, do not create an excess of money, but when they are completed, *leave* an excess; and that, if this excess is great, as in England in 1847 and in the United States in 1857, a crisis is the result; which, though abstractly avoidable, could all banks act in concert to one end, is in point of fact unavoidable; that the effect of deposits is thus, to produce a constant loss of equilibrium with the commercial world, by means of loans *out of the reserves of depositors*—every loan creating so much new or additional money—which may be at once rectified, or indefinitely postponed, until a crisis arrives, and that as long as gold continues the standard, even an inconvertible currency must pay and continue to pay tribute in gold to the commercial world, until it is expanded to a point where it becomes worthless and is abandoned; that deposits and "circulation" being complements of each other, and "circulation" indispensable to distribution through commerce, its proportions are not likely to diminish relatively to deposits; and the reserve being thus supported out of circulation, whether the circulation is convertible or not, and all loans being made out of reserve, and all payments into it, a bank deals in money and in nothing else, because it has nothing else to deal in; the only supposable exception being the ideal case of a bank established by the payment into it of money to the extent of the capital, having no deposits whatever paid in, and paying out no money on checks, but simply circulating its money by debit and credit of checks, and being permitted to loan by giving credit on its books; here purchases and sales could be readily balanced until, like an overfilled balloon, the bank would collapse. Inasmuch, then, as no changes are to be expected in the principles of banking, and it is not probable that nations or communities will, nor

is it desirable that they should, change materially their habits and customs in respect to the use of gold and silver, the material question is: How is the due proportion of reserve to be maintained?

The foregoing is a direct method of showing the necessity of a fixed reserve in banks—that reserve being gold, or what is the same thing, bank-notes—every discount being made out of reserve, which is money. "Practical" men prefer analytical investigations. That method is more convincing to them, therefore, than the direct. Now to describe phenomena without determining the law, is not science. Mr. Price says that the vital matter for bankers is that commodities should increase, or at least not diminish, and that sellers of goods should not immediately at the time buy as much as they sell. Is this anything more than a statement of the phenomena? Gold measures values by price. For all banking purposes, the local variations artificially caused in gold, and chiefly by means of deposits, are alone material; otherwise, gold and deposits produce the same result. A commercial crisis may occur in seasons of the greatest abundance. The true question is, then: What causes the variations in the purchasing power of money, whether in the form of gold, bank-notes, or a deposit in bank, in the shape of credit following discount? The deposit is money, because it will exchange for gold or bank-notes, and has the same purchasing power. To make the matter clearer, I assume here as proved what I have attempted to prove directly, and what I am now attempting to prove by way of analysis, or investigation of phenomena, viz.: *That money taken out of the reserve kept for the purchase of capital, or what is the same in effect, out of deposits, and expended in the purchase of commodities or payment of labor, produces a local redundancy, which, unless retired into the reserve from which it was taken, will, sooner or later, bring on a crisis.* The sum of all the phenomena will prove this, and its assumption will, on the other hand, explain all the phenomena. If, by loan and credit in a London joint-stock bank for £1,000,000, a purchase of Australian wool is made to such an extent as to cause an export of gold taken from bank by check, and if by a rise in rate of discount through the agency of the Bank of England, a sale of the Australian wool so purchased in London takes place, before the wool purchased abroad with gold enters port, deposits have been reduced £1,000,000 by withdrawal and export of gold, and £1,000,000 by the last sale of the wool in London, and money is *easy*, not because Australian wool is abundant, for its abundance might lead to an attempt to keep it out of market, but because there has been a crisis on a small scale in Australian wool by holding too much of it out of market; and if the ratio of gold to deposits at the time of the bank loan was 9 to 100, and by the loan was reduced (this is merely assumed) to 8, it has now, by reason of the forced sale, risen to 10; it has reacted, by means of the sales forced by the *crisis*, beyond its original figures, and gone as much above the average as it was before below. Money is now easy because there is a real contraction, and therefore a surplus to loan. This surplus is produced

by retiring the money taken out of deposits back into deposits, whence it came; but inasmuch as there was an attempt to carry up the price of the wool to a higher figure than it would bear, if purchased only with money out of the reserves of money used for distributing commodities or productions, or, in perhaps still plainer and commoner words, out of cash—a commercial crisis in Australian wool carried down the price as much below the price it was first purchased at, as the ratio or proportion of gold rose above the average it stood at when the discount took place. Now the *cause* at work here is the variation in the reserve; the purchases and sales and the export of gold are the phenomena, not the active cause. An idea of some kind may be got from looking at the phenomena, but until the cause is discovered, and the general law stated, there is no science. But if Australian wool is abundant, it must nevertheless be marketed, and this can only be done in the usual way—by bank loan. True; but being abundant, it must submit to the inevitable law of decline in price, because it cannot maintain its old price and thereby compel other productions, which are to be marketed by means of the fund destined for that purpose, to bear all the loss; it can only be marketed by being offered at prices warranted by the amount of cash on hand.

Let us turn to the crisis of 1837, in the United States. The Government deposits being taken from the Bank of the United States, and placed in numerous State banks, which discounted freely, without any control, the money was expended for the most part in paying for labor upon public and incorporated companies, and various private works, through the aid of large foreign loans. A wild speculation accompanied, or was, perhaps, the result.

At first, the general belief that the works would be profitable caused that part of the real estate or capital of which they were composed, and which was in private hands, especially that represented by stocks or debentures, to have a large exchangeable value. This required loans represented chiefly by both bank-notes and deposits; but the labor required currency, and the currency was chiefly expended for commodities. This currency was retired in large amounts into deposits, and as the proceeds of the labor were largely expended in the purchase of foreign goods, and there was a comparatively small home production, and interest accrued payable abroad in gold, an export of gold and a *commercial* crisis followed. There was, also, a crisis among the owners of the capital.

The export of gold was checked for a long time by the belief that the undertakings would be productive, and when that belief was for good reasons abandoned, the redundancy of money in the market of commodities, as well as of capital, was apparent. The cause of the crisis cannot be verified through the returns of reported reserve in 1834 and 1837, by the Secretary of the Treasury. By those returns, however, the error in the statement of reserve, whether estimated or reported, can be shown by a comparison of loans.

In 1857 the advances were chiefly through country banks, and after the notes were retired by deposit or returned for gold, the only object was to obtain exchange on New York; so that there was a great demand for exchange on New York, to retire the redundancy in country deposits, which was being rapidly accomplished, after the New York city banks had retired a large amount through solvent customers; and if the retirement could have been effected gradually and quietly (as remarked by Mr. J. S. Gibbons in his very instructive book, entitled *The Banks of New York, etc., and the Panic of* 1857), the panic might possibly have been avoided. But it is a mere possibility, as a large export of gold would have followed. Now, if the money had not been expended unproductively for labor; if the railroads had paid from the start, or had been supposed capable of doing so in the future, all the money expended would have been retired into the reserves required for the circulation of productive capital, and there would have been no crisis through the fall of capital among capitalists, and no commercial crisis among merchants, excepting only the natural loss and shrinkage in goods, as well domestic as foreign, caused by the large accumulation to supply the extra demand for use of laborers, which, perhaps, also attained to a speculative excess; and the shrinkage would have resulted, after the completion of the roads, not from retiring the redundancy of money, but of goods. Moreover, the ratio of reserve was about 21 per cent. in 1855, and it fell to about 17 in January, 1857, but was about 26 in January, 1858. The reserve, after liquidation took place—and liquidation would inevitably have taken place, even without a panic—went as much above the average of 1855 as it was below it in January, 1857. Again, when money to the amount of some £28,000,000 was remitted to Germany from France, it was taken from the reserves of capital. It furnished precisely so much more money to Germany than she otherwise would have had; it could not be at once retired into reserves for purchase of capital, and thus acted upon the market for commodities and upon labor, a large amount of which was expended unproductively; and the recoil of prices has probably been as much below as it was above the normal standard. Had the money, and therefore the new capital acquired, been expended productively on railroads, mills, and farms, which would have earned a fair income, there had been no loss; but now the loss is probably equal to the gain. This was brought about by too much money. The money acquired and distributed among the people of Germany, in payment of Government debts, came out of reserves of French money capital, which found the investment, for which it was waiting, in the shape of *rentes;* it was partly paid out by the Imperial Government to the people of Germany for supplies and wages; there was but one thing to do with it: to keep it until it was wanted, either, first, to supply their daily wants from time to time—in which case it would have been retired into other hands, as fast as paid out, finally leaving the country, through "adverse exchanges," and getting back to France—the same causes which originally brought

it to France carrying it back again, and no crisis arising in Germany from this gradual retirement; or, secondly, it would be, as to a great extent it was, laid out unproductively in the payment for labor and materials, ahead of time and national wants, and a crisis was the result. On the contrary, a large and apparent excess of inconvertible though legal-tender paper was issued in France, and the last portion of it probably took the place of the departing coin; yet, for aught we have heard to the contrary, there was no depreciation. If there was none, it was because the issue was not carried far enough to stop the retiracy. If it was so carried, however, the effect would probably be first disclosed in an advance in price of capital—notably circulating capital, in the shape of rentes, stocks and debentures, as happened in the United States in 1863. Again, the same phenomenon is witnessed annually in the distribution of some $80,000,000 of gold and silver from the mines. If this were to fall upon the distributing market, there would be no possibility of using gold any longer as a measure of value in that market, and by consequence in any other; it does not fall upon that market, but is distributed and remains as money capital. This important law, underlying and causing all monetary phenomena, shows just how much truth there was in the old mercantile theory. The theory would be true, if increase of quantity did not depreciate the value or purchasing power of the total of money. Again, in case of failure of a grain crop, *e. g.*, wheat, if it is a country like France, the gold that goes abroad to pay for wheat comes out of reserves of money capital, to be ultimately replaced; if, like England, there is a flux and reflux of gold, until capital, in the shape of other commodities—and if there is no surplus of these, then in the shape of United States Government stock or railroad debentures—pays the debt.

Finally, to make an analysis or decomposition of deposits, and restore to depositors their deposits, passing over the long period and the great shrinkage in capital taking place, before the result is accomplished, we find that it leaves in the hands of depositors an amount of coin or bank-notes equal in total volume to the original volume of deposits, with this remarkable phenomenon in addition: that, besides this volume, the first distributors of annual productions in the various shapes they assume, before coming to the consumer, are now compelled to keep large amounts of capital in money, to take the place of that they formerly borrowed from the banks, which is used in distribution and redistribution; there is no redundancy, but should there be it is at once retired. Restoring deposits again, we find that every loan creates a temporary redundancy by bringing that amount into the market of distribution, which must and can only be checked by immediately retiring it by purchases through money actually in reserve or by export of gold; or, in other words, by doing at once what must ultimately be done—taking the first step towards distribution. The active cause at work to create the redundancy is the creation or production on the spot of say £1,000,000 of money, causing the

same effect as the money carried to Germany would have done, had it been possible to throw the whole £28,000,000, which went there from France, into the market for commodities.

Mr. Mill and Mr. Price contend that credit alone raises prices, by acting on the forces of demand and supply; and that whether the credit arises from bank loans or otherwise is immaterial. Such an opinion, it seems to me, can only arise from not understanding the complex nature of deposits. If sugar is purchased, to arrive immediately, on credit to the amount of £1,000,000, without bank loan, the only effect is to take so much out of the market for the time; and a wise and salutary measure it would be if the shipper, whether the grower or merchant, would, if he possibly could, give the credit, taking his interest, and waiting until the glut of sugar ceased, and the article was wanted for distribution. The first buyer might sell and the purchaser resell, without any disturbance of the market, the effect being the same as if the producer had kept it back; the sales and resales have little effect. On the other hand, suppose a bank loan: the credit given by the bank has the same effect precisely as the other credit; but another result follows also, already described—redundancy and forced sales.

Hence the practical law which must govern discounts for the purpose of forcing the retirement of the redundancy: The volume of deposits must be kept in such proportion as to retire a redundancy at the earliest possible period; in other words, in a fixed ratio with gold; in other words still, to fluctuate only as gold fluctuates. If these principles are sound, the attempt to do business with a smaller stock of gold would be chimerical, because impracticable, and the wisest conclusion is to allow things to remain as they are, even had we the power to change them. To propose a three per cent. ratio is the very opposite of the mercantile theory apparently, and yet it goes far towards it, because it proceeds upon the idea that although gold is worth nothing to us, it is worth everything to the rest of the commercial world. The present distribution is not likely to be, because it cannot be, for a long time, seriously disturbed. The annual production is at once distributed, and if the annual increase of capital is in the same proportion with gold, the equilibrium of all prices is maintained, and human wants remaining the same, no more consumable articles can be distributed than are wanted, and a surplus of any article brings down its price.

Upon these principles the Bank of England works. What kind of bank or banks would be most suitable or desirable for the United States on the return to specie payments, how or when they are to be brought about, and what effect has been wrought upon gold by our irredeemable paper, and in what respect the working of deposits now differs from the system under convertible paper, cannot be discussed here.

Scotch banks are not in opposition to these principles.

THE NEW YORK CHAMBER OF COMMERCE AND PLANS OF CURRENCY.

The agitation of the public mind on the subject of the finances, and especially on the currency, begins to manifest itself in various forms of action. The latest and most significant is that of the Chamber of Commerce, which, at its late annual election for officers, departed from its traditional usage, which was to advance the officers in the order of seniority in rank, to the higher places becoming vacant. On the retirement from the Presidency of Mr. William E. Dodge, the officers next in rank were Mr. George Opdyke and Mr. W. M. Vermilye, respectively the first and second Vice-President. A few days before the annual election, which took place on the 6th of May, an opposition ticket to the regular nominations was advertised. For the sake of accurate history we make the following liberal quotation from the covering circular:

The importance of these elections, in respect to the honor and influence of the Chamber of Commerce, has so frequently been looked upon with indifference or forgotten, that any opposition to regular nominations has long since ceased.

The welfare of the Chamber at this juncture requires a new enthusiasm in its behalf to be aroused among its members, so as to take it out of the groove or rut into which it is now running.

The usefulness of the organization, and its influence over the commerce of the City and State of New York, demand that its Chief Officers shall have the reputation of sound practical views on the subjects of Finance and Trade, instead of speculative and doubtful theories.

For these reasons the undersigned are dissatisfied with some of the names on the regular ticket, nominated in the old way; we therefore call your attention now to these matters, instead of waiting until the day and hour of the election, when it would be useless to protest, and too late to organize for the defeat of objectionable candidates.

The new ticket proposed the name of Samuel D. Babcock for President, and James M. Brown and George W. Lane for first and second Vice-President respectively.

Immediately on the appearance of this circular, the friends of Mr. Opdyke published, in connection with their ticket of "regular nominations," an appeal to the members of the Chamber, which contained the following sentences:

These nominations have been made in accordance with the time-honored usages of the Chamber, promoting the present officers in regular order of seniority.

This custom must commend itself as the only one which will exclude from the Chamber all unseemly contests, and give no room for the display of personal feelings. It, moreover, will always give a just and grateful recognition for long and faithful active service in the work of the Chamber, and in the present instance this is pre-eminently the case.

We do not desire to enter into the question of the individual views of any candidate upon either ticket. The Chamber of Commerce can secure its proper influence, only by embodying in its membership all views of finance and trade, and by having all subjects discussed without partisanship or fear of unpopularity. The community should know that the decisions of the Chamber are given only by its official acts and resolutions after due deliberation and full and candid discussions, and not by the result of a contested election, with all its personalities and animosities.

We believe that this is the first time since the organization of the Chamber (certainly within the memory of most of its members) that an effort has been made to express its opinion as to what are "sound and practical views" through an annual election, and it appears to us that it will be an unfortunate day when the Chamber shall have gotten out of what is called "the present rut" only to fall into the slough of politics.

Justice to the candidates on the regular ticket, however, requires us to meet the assertions of the circular of the opposition with denials upon two points. The aspersions upon the financial views of the regular candidates are altogether unjust and unfounded. Again, the intimation that the opposition is a movement in favor of progress, is a reversal of the fact, since the active, working and progressive members of the Chamber are represented by the regular nominations, and it is not unfair to notice that though the signers of the opposing circular are eminently to be respected, the Chamber has not in the past had the benefit of the attendance or service of very many of these gentlemen.

The merits of the case as set forth in these circulars are not difficult of detection. There are two parties in the Chamber—one in favor of immediate measures for the restoration of specie payments, the other opposed to such measures; one in favor of the National Bank currency as it is, without enforcing redemption, the other in favor of such modifications of the law as will bring the banks under the natural restraints of commerce, and make them servants and auxiliaries in our general economy, instead of masters over it. The first collision between these parties dates in November, 1873, when Mr. A. A. Low presented a series of resolutions, in which the Chamber expressed its belief,

"That in failing to redeem the United States legal-tender notes with gold, or to enact laws looking to this end, the Congress of the United States has set an example before the people which has been pernicious in its influence, promotive of a general inflation, and fruitful of wide-spread demoralization; and believing these things, the Chamber would respectfully invoke Congress, when it again assembles, to cause, if need be, the purchase of United States bonds to be discontinued, and the application of the National gold reserve to the redemption of Treasury notes, according to the letter and spirit thereof, reserving nevertheless the power of reissue."

On motion of Mr. Opdyke these resolutions were referred to a special committee, to be reported on at a subsequent meeting of the Chamber. The Committee was composed of Messrs. A. A. Low, George Opdyke, and S. T. Babcock. At the meeting held November 20 two reports were presented—one by Messrs. Low and Babcock, and a minority report by Mr. Opdyke. The former was in the shape of a memorial to Congress, setting forth the judgment of the Chamber that "the time has come when a just

regard to the commercial and financial interests of the country demands a return to specie payments, or the initiation of such measures as would lead to that result at an early day." The memorial displayed succinctly, the evils of an irredeemable paper money, the necessity of gold as a standard of value, and the auspiciousness of the time for the initiation of practical methods for the resumption of specie payments. It recommended expedient changes of the National Bank law, and especially that the bank reserve should be increased from 15 per cent. to a uniform proportion of 25 per cent. of their outstanding liabilities.

As a minority report, Mr. Opdyke presented the draft of a counter memorial to Congress, in which he declared the present irredeemable currency to be "the best the country ever had;" that "under it our National prosperity has been greater than ever before, and our volume of circulation less disturbed by violent and sudden changes." The memorial concluded by recommending:

First—That the present legal limit of greenbacks and National bank-notes shall be neither increased nor diminished until after a resumption of specie payments shall have taken place.

Second—That the present legal reserves of the National banks shall remain intact.

Fourth—That Congress authorize the issue of $100,000,000 of United States currency bonds, bearing 3·65 per cent. interest, or some higher rate, convertible at the pleasure of the holder into legal tenders; provided, however, that the maximum of legal tenders outstanding shall at no time exceed the present legal limit.

The third clause of Mr. Opdyke's plan recommended the repeal of the usury laws, leaving the rate of interest on loans to be determined by the market—a measure in which the majority report coincided.

From these reports it is apparent that the Chamber was then divided into two parties, logically irreconcilable. The majority, represented by Mr. Low, was, and is, the party that adheres to those principles of financial organization which stand approved and demonstrated by the uniform experience of mankind in every commercial country, and by all the tests of practice and science which are applicable to the subject matter. They include the institution of gold as the measure of value, and the maintenance of an auxiliary paper currency convertible with it. The theory of Mr. Opdyke, on the other hand, proposes to dispense with gold as a measure, and to substitute an inconvertible paper money in lieu of it. Although this particular feature of it is not broadly introduced in the minority report, it is well known that it constitutes the very base and pillar of his financial theory. His volume on *Political Economy*, which was published in the year 1851, furnishes incontestable proof of the fact. That we may not be supposed to do Mr. Opdyke any injustice, we make the following summary from that work, which contains abundant proof of careful and deliberate

thought. Under the head "Of Inconvertible Paper Money" (p. 296), he proposes that the Constitution of the United States shall be so amended:

1. As to prohibit the emission of all convertible paper money, and to suppress all such money now in circulation. 2. That the existing clause in the Constitution which establishes gold and silver as the standard of value, and as the legal tender in the payment of debts, be so modified as to include the inconvertible paper money to be issued in pursuance of the following clause: 3. That the Government, in payment of its current expenses, issue annually, for ten consecutive years, $25,000,000 of paper money, to be of the similitude of bank-notes, to be worded:

"—— Dollars, legal money of the United States issued by authority of the people thereof. Dated Washington City ——."

4. That, at the expiration of ten years, the population of the United States be ascertained, and the emission of said money be made equal to ten dollars *per capita;* and every year thereafter the emission be equal to ten times the annual increase, so that the volume in circulation shall always be in that proportion to the number of people. 5. That the production and emission of every other substitute for coin be strictly prohibited.

The phraseology of the money note is peculiar. It promises no payment, represents nothing, has no inherent substantive qualities, but is a law in itself. It is money, because it is pronounced by law to be money, and for no cause else. Mr. Opdyke sets up no claim of originality. The proposition to establish a conventional money, for this is little else, has long since been promulgated, and the attempt to carry it out has been several times made, but never successfully. The assignat of France is the most memorable, and, at the same time, the most disastrous example of it. *Turgot*, Comptroller-General of France (equal to Prime Minister), and the most eminent economist of his time, declared it as an axiom in finance, that "purely conventional money is an impossibility." "A positive law," says Adam Smith, "may render a shilling a legal tender for a guinea, because it may direct the courts of justice to discharge the debtor who has made that tender; but no positive law can oblige a person who sells goods, and who is at liberty to sell, or not to sell, as he pleases, to accept of a shilling as equivalent to a guinea in the price of them." The Government of Pennsylvania (1722), when it first issued paper money, passed a law, imposing a penalty on any one who asked for his goods a higher price in colony paper money than in gold and silver; but that did not prevent its depreciation. The point of theory most relied upon to give a status to conventional money was succinctly expressed by the celebrated Scotch financier, Law, who said: "If we establish a money which has no intrinsic value, or whose intrinsic value is such that it will never be exported, we shall have reached wealth and power." Mr. Opdyke's theory differs in one respect from all others of the same general tenor, by retaining *bullion* as the solvent of foreign debt.

The general proposition of an inconvertible paper money, naturally branches into two parts: first, as it relates simply to the creation of it; second, as it relates to the authority by which it is issued. The latter is the more equivocal part of the subject. John Stuart Mill admits that "convention is quite sufficient to confer the power of creating a paper currency;" and he adds: "the immediate agency in determining its value being in its *quantity*, if that quantity could be arbitrarily fixed by authority, the value would depend on the fiat of that authority, not on the cost of production." "The quantity of paper currency not convertible into metals," he expressly says, "*can* be arbitrarily fixed; especially if the issuer is the sovereign power of the State." What we have to say, therefore, as to the general proposition of an inconvertible money, is, that the question does not seem to be finally and irrevocably settled; but it remains open on all grounds which have so far been advanced against it. Nevertheless, we must believe, as we shall attempt to show hereafter, that the theory is not reconcilable with scientific principles, of which one proof, and a pretty strong one, is, that it has absolutely failed as often as the attempt has been made to put it in practice.

Over half a century since, the most eminent economist of England, Mr. Ricardo, proposed the organization of a National Bank, of which the leading feature was an inconvertible currency. His plan was briefly as follows:

That commissioners should be appointed in whom the full power of issuing all the paper money of the country should be exclusively vested; that on the expiration of the charter of the Bank of England, they should issue £15,000,000 of paper money in discharge of the capital of the Bank lent to the Government; that on the same day they should issue 10 million more, with which to purchase gold and therewith redeem a part of the debt of the Government to the Bank, on Exchequer bills; that the Bank should redeem all its own notes in the new circulation; that it should not pay them in gold, but should be obliged to keep always a reserve of the new notes equal in amount to its own notes remaining in circulation. Provision was then to be made for the gradual retirement of all paper money, excepting that issued by the Government. The commissioners were to act as fiscal agents of the Government. From the moment of the establishment of the National Bank, the commissioners should pay their notes and bills on demand in coin. The general features of Mr. Ricardo's plan approximated Mr. Opdyke's so far as to produce the same result, of keeping the gold in reserve for the emergencies of trade with foreign markets, and holding the paper circulation within positive limits of proportion to the common needs of the country. We reserve for a future number of the MAGAZINE a special analysis of the State currency scheme.

THE SILVER MINES OF MEXICO AND OF NEVADA.

The recent remarkable increase in the silver production of Nevada calls forth a comparison as to the yield of Mexican mines, and the machinery used, which we find in the San Francisco *Bulletin:* Until the development of the large ore bodies in the Comstock lode, Mexico was the largest silver producer in the world. It is impossible to say what mine or what lode yielded the largest quantity of bullion. The best authorities on the subject have failed to determine, because the product of a group of mines operating on various veins in the same neighborhood has generally been credited to the leading mine in the district. Such has been the case, in a measure, with the mine of Guanajuato, situated on the mother vein or *veta madre* of Central Mexico, and with the Potosi mines of Peru, the San Luis Potosi mine being credited with the combined product of a multitude of mines in that district, representing as many separate and distinct veins. The *veta madre* of Mexico comes nearest being a parallel case of the Comstock. It is a similar fissure, intersecting a similar formation, only it is at least three times its length and its ore deposit has been one continuous *bonanza*. The mines on the *veta madre* have been worked uninterruptedly for over three centuries, and the aggregate yield is estimated at $ 300,000,000. The first discoveries on the Comstock were only made fifteen years ago, but the entire product during that brief period has aggregated in round numbers $ 175,000,000, or over one-half the three-century product of the richest vein in Mexico, and about one-eighth the entire product of the numerous veins and mines forming the Peruvian Potosi group for the same extended period. The yield of the Comstock lode last year amounted to about $ 21,000,000, and this year about $ 22,000,000, or within $ 3,000,000 of the maximum annual yield of all the silver mines of Mexico, and five times the average annual yield of the Peruvian mines.

The *veta madre* has been more extensively worked than any other silver lode in Mexico, but it is very doubtful as to whether it is the richest vein existing in that country. The metallic silver lodes in the State of Chihuahua are probably much richer. A single *bonanza* of metallic silver ore, discovered in one of these mines, is represented to have taken eighteen years to exhaust, and is variously estimated to have yielded from $ 20,000,000 to $ 50,000,000. First-class ore from the Chihuahua mines yields all the way from $ 15,000 to $ 30,000 per ton, and second-class ore ranges from $ 2,000 to $ 15,000 per ton. The Comstock, of course, has nothing equal to this. There is no knowing what might have been accomplished in the silver mines of Mexico

and Peru had they been systematically worked. What if, instead of human backs, long swinging poles and rickety winzes bringing the ore to the surface from the depths below, and the primitive arastras separating the metal from the vein matter, the improved machinery now employed on the Comstock had been in use! Under such a condition of things, what would have been the showing of the returns? and into how brief a space would the three century operations have been contracted? Instead of a *bonanza* taking eighteen years to exhaust, we should probably have had it all out within that many months. Many of the Central Mexican mines have for years been worked by English capitalists with improved machinery, and there has been in consequence, a marked increase in the aggregate silver product of the country; but mechanical appliances are vastly inferior to those used on the Comstock. The Comstock has unquestionably yielded more silver in the same space of time than any known lode, and is to-day the richest silver lode being worked, but its immense yield is in a great measure owing to the superiority of the machinery employed and the systematic manner in which it is being mined.

NEW ACTS OF CONGRESS.

An Act to authorize the Secretary of the Treasury to adjust and remit certain Taxes and Penalties claimed to be due from Mining and other Corporations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to settle and release any claims for tax on circulation of evidences of indebtedness *made against* any mining, manufacturing or other corporations *other than against any National banking association, State bank, or banking association,* by such corporations paying the tax, without penalty, that shall have accrued thereon since November first, eighteen hundred and seventy-three, and that the provisions of section three thousand four hundred and twelve of the Revised Statutes of the United States shall not be construed in pending cases, *except as to National banking associations,* to apply to such evidences of indebtedness issued and reissued prior to the passage of this act; but said section shall be construed as applying to such evidences of indebtedness issued after the passage hereof.

Approved, March 3, 1875.

DECISIONS OF THE NEW YORK COURT OF APPEALS.

(From the Albany Law Journal.)

The Effect of Receiving a Check. Is it Payment?

This action was brought to recover the amount of two bills for freight. It appeared that on May 4, 1868, defendant gave to plaintiff his check on "H. J. Messenger's Bank" for the amount of said bills, which were thereupon receipted. There was no express agreement that the check should be received as payment. The bank was near the place where the transaction took place, and it remained open that day and for an hour in the morning of the 5th, and then closed, and in the evening of that day Messenger made an assignment for the benefit of his creditors. This assignment was not recorded or filed, and the assignees did not give bonds or take possession. Messenger was declared a bankrupt on the 20th. Plaintiff did not present the check for payment, and did not notify defendant of its non-payment until about the 20th. The Court found that it was possible, and perhaps probable, that the check might have been collected, but gave judgment for the plaintiff. *Held*, no error; that the debt was not paid by the check. That plaintiff was not guilty of laches in not presenting the check before the bank closed, as it had the whole of the next day, the 5th, in which to present it; that the finding of the Court, as to the probability that the check might have been collected, was not sufficient to defeat a recovery. Defendant was bound to show that he had suffered damage by the laches of the plaintiff in keeping or dealing with the check without demand of payment; it was not enough to show a probability of injury.

Attachment by a State Court against a National Bank.

In Chesapeake Bank *v.* First National Bank of Baltimore, 40 *Md.*, 269, the Court of Appeals of Maryland held that an attachment *on warrant* issued by a State court to affect the funds of a National bank is illegal and void, being in violation of section 57 of the Act of Congress approved June 3, 1864, as amended by section two of the Act of Congress approved March 3, 1873, providing that "no attachment, injunction or execution shall be issued against such association or its property before final judgment in any such suit, action or proceeding in any State, county or municipal court." It appears that the appellant on the 18th of September, 1873, caused an attachment *on warrant* to be issued out of the Superior Court of Baltimore City to affect the property and credits of the First National Bank of the City of Washington, District of Columbia, as a non-resident debtor, which was laid in the hands of the First National Bank of Baltimore, as garnishee. In October following, the garnishee filed a motion to quash for reasons alleged, and from the judgment of the Court quashing the writ, this appeal is taken.

Miller, J., who delivered the opinion, said: "We shall not stop to inquire what is the true construction of the original 57th section of the Act of 1864, because it is clear the case before us is embraced by the terms of the amendment thereto made by the Act of 1873. The constitutionality of the National banking acts is admitted, their purpose being, as expressed in the title to the original Act of 1864, 'to provide a National currency secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof;' but it is insisted these particular provisions or features of them are unconstitutional and void. The argument is, that it is not within the power of Congress to clothe these banking associations as to their contracts and dealings with the world, with any special immunities and privileges exempting them, in their trade and intercourse with others, from the laws and remedies applicable in like cases to other citizens. But the power to create these banks as instrumentalities of the Government being, as it confessedly is, within the rightful powers of Congress, we cannot say that provisions like these, defining in what tribunals they shall be sued and to what suits or actions they shall be subjected, are not appropriate and necessary to carry out this admitted power. It must plainly appear that such provisions are inappropriate and unnecessary for this purpose, in order to justify a court in declaring that Congress has transcended its authority in enacting them. In our opinion Congress has the power to make any provisions which tend to promote the efficiency of these banks in performing the functions by which they were designed to serve the Government, and to protect them, not only against interfering State legislation, but also against suits or proceedings in State courts by which that efficiency would be impaired. We are unable to perceive that the provisions here assailed are not of that character, and therefore cannot pronounce them void."

THE LAW OF BILLS OF EXCHANGE.

AN AGREEMENT TO PAY ATTORNEY'S FEE DOES NOT DESTROY NEGOTIABILITY.

H. S. Gaar, etc., Appellants, vs. Louisville Banking Company, Appellees—Appeal from Jefferson Common Pleas Court.

KENTUCKY COURT OF APPEALS.

OPINION OF THE COURT BY JUDGE COFER.

This suit was brought in the Louisville Chancery Court by appellees against appellants and others on this instrument:

"LOUISVILLE, KY., January 27, 1873.

"Four months after date pay to the order of James M. Bryant ninety-four hundred and twenty and 4-100 dollars. Value received. Negotiable and payable at the office of the Louisville Banking Company.

"$9,420.04. W. H. BEYNROTH."

Addressed to Morris, Southwick & Co., Louisville, Ky., accepted by them, and indorsed by J. M. Bryant, H. S. Gaar, P. G. Kelsey, and J. T. Morris.

On the back of that paper this agreement appears:

"The drawers, indorsers and acceptors of this bill agree to pay a reasonable attorney's fee to any holder thereof, if the same shall hereafter be sued upon, and also pay interest at the rate of ten per cent. per annum after maturing until paid, and all are equally bound, as drawers, indorsers, as if this bill were in the form of a joint note.

"MORRIS, SOUTHWICK & CO.,
"W. H. BEYNROTH,
"J. M. BRYANT,
"H. S. GAAR."

The petition contained three paragraphs. The first set forth the principal writing, and declared on it as a bill of exchange. In the second paragraph it was alleged that, at the time the bank purchased the bill, Bryant, Beynroth and Gaar indorsed to it, as collateral security, three notes executed by Morris, Southwick & Co. to them, dated January 28, 1873, the first two being for the sum of $5,000 each, due in eighteen months, and the third for $6,000, due in twenty-four months, and all secured by mortgage on real estate, and bearing interest from date at the rate of ten per cent. per annum. It was also alleged that Morris, Southwick & Co. had no defense to the notes.

The bank prayed for judgment enforcing its lien on the notes, and for a sale thereof in satisfaction of the bill.

In the third paragraph, the writing indorsed on the back of the bill was set up, and judgment was prayed thereon for ten per cent. interest on the amount of the bill from its maturity until paid, and for $500 as an attorney's fee.

Gaar demurred to the second paragraph, upon the ground that it did not state facts constituting a cause of action.

The demurrer was sustained; and the bank, failing to plead further in that behalf, the second paragraph was dismissed, and the cause transferred to the Jefferson Court of Common Pleas, where both Gaar and Bryant demurred to the petition; and their demurrers having been overruled, they answered, and trial was had, which resulted in a verdict and judgment against them for the amount of the bill, with interest thereon at ten per cent. per annum from maturity until paid, and from that judgment they have appealed, and the bank prosecutes a cross appeal to reverse the judgment of the Chancery Court, dismissing the second paragraph of the petition.

The appellants answered separately, and afterwards offered to amend their answers, but leave for that purpose was refused, and this, and the overruling of their demurrers to the petition, are the only errors complained of.

The ground of the demurrers is that, although the writing declared on in the first paragraph, when taken by itself, is a bill of exchange, the writing indorsed on the back thereof, in which the signers agreed to pay an attorney's fee in case the bill should be sued on, destroyed its negotiability, whereby it ceased to be a bill. This argument is based on the fact that the amount of the attorney's fee agreed to be paid was not ascertained, and hence it is contended that the bill was for an uncertain amount.

A bill of exchange has been defined to be a written order or request by one person to another for the payment of a sum of money, absolutely and at all events, and as bills are designed to take the place and perform the office of money, there must be no chance of mistake as to the amount of money of which they thus take the place. On this point, therefore, the cases are quite stringent. The sum must be stated definitely, and must not be connected with any indefinite or uncertain sum. *Parsons on Notes and Bills*, 37. *Story on Bills*, *sec.*

It has accordingly been held that an instrument in the form of a note promising to pay a specified sum, at a designated place, on a named day, "*current rate of exchange* added," was not a note, because the current rate of exchange was unascertained and uncertain. Atkinson *vs.* Manks (1 *Cow.*, 707), and in Davis *vs.* Williamson (10 *A. and E.*, 98), it was held that the following instrument was not a note: "I agree to pay to D. £695 at four installments;" the first on, etc., "being £200," and so on specifying three others, amounting in the aggregate to £500. "The remaining £95 to go as a set-off for an order of R. to T., and the remainder of his debt owing from D. to him."

In Cushman *vs.* Haynes (20 *Pick*, 133), it was held that an acceptance for an uncertain amount, to-wit, "the balance of goods not then sold," was not negotiable.

Other cases to the same effect might be cited, but it is deemed unnecessary, as the rule of the law merchant undoubtedly is, that it is an indispensable quality of a note or bill that it shall be for a definite sum, in order that it may be negotiable.

But it by no means follows from this conclusion, that the negotiability of the paper sued on was destroyed by the agreement indorsed on the back, that the parties would pay an attorney's fee if the debt had to be sued for.

In the cases cited, and others referred to by counsel, the amount to be paid at the maturing of the notes or bill was uncertain, and it was that fact which destroyed their negotiability; but in this case the amount to be paid at maturity was fixed and certain, and it was only in the event that the bill was not paid when due that any uncertainty arose.

The reason for the rule that the amount to be paid must be fixed and certain is, that the paper is to become a substitute for money, and this it cannot be unless it can be ascertained from it exactly how much money it represents. As long, therefore, as it remains a substitute for money, the amount which it entitles the holder to demand must be fixed and certain, but when it is past due it ceases to have that peculiar quality denominated negotiability, or to perform the office of money, and hence anything which only renders its amount uncertain after it has ceased to be a substitute for money, but which in no wise affected it until after it had performed its office, cannot prevent its becoming negotiable paper. Until the paper in question matured, the amount due upon it was fixed and certain, and it might therefore take the place of money. When it became overdue, that fact put an end to its career, and then, for the first time, the amount to which the holder was entitled became uncertain, or rather might be made uncertain, by bringing an action on the bill against the parties who signed the agreement indorsed thereon.

We are, therefore, of the opinion that the demurrer was properly overruled.

Second—Neither of the amended answers tendered presented a defense to the action. As Kelsey's name came after the names of Bryant and Gaar, they could not look to him for indemnity in the event they paid the bill, and they were not prejudiced by the alleged agreement between the bank and Kelsey that he should not be held bound.

It is alleged in one of the proposed amendments that the bank undertook that Kelsey would also sign the agreement on the back of the bill, whereby he would have become liable as if the bill had been in the form of a joint note, and consequently bound to make contribution to any other accommodation indorser who might pay the debt, and that Gaar and Bryant indorsed the bill in consideration of that agreement, and would not otherwise have done so.

For the breach of such an agreement the bank would perhaps be liable to the appellants for whatever damage they may sustain in consequence thereof, but it constitutes no defense to an action on the bill. Hubble *v.* Murphy, 1 *Dur.*, 278.

The amended answers are not good as counter-claims, because they contain no allegation that Kelsey was solvent at the maturity of the bill, or indeed at any time, and unless he was solvent the damages recoverable against the bank for a breach of the undertaking that Kelsey would sign the agreement would entitle them to nominal damages only; and even this was not prayed for, and the Court did not therefore err in refusing to allow the amendments to be filed, either as answers or as counter-claims.

Third—The only remaining question is on the cross-appeal of the bank against Gaar and Bryant, in which it is sought to reverse the judgment of the Chancery Court sustaining a demurrer to the second paragraph of the petition, seeking a judgment to sell the notes pledged by Beynroth, Gaar, and Bryant to the bank as collateral security for the bill.

Beynroth is interested in the decision of that question, and is a necessary party to the appeal, and as he is not an appellant, and a cross-appeal can only be prosecuted against appellants, the cross-appeal must be dismissed for want of necessary parties. Sec. 895 *Civil Code*, Smith *vs.* Northern Bank, 1 *Met.*, 575.

Wherefore the judgment is *affirmed* on the original appeal, and the cross-appeal is dismissed.

BOOK NOTICES.

The Statesman's Year-Book, 1875. By FREDERIC MARTIN. London: Macmillan & Co.

This is the twelfth annual volume of Mr. Martin's well-known Year-Book, which meets a want so general and so widely acknowledged that there is no wonder the work has obtained such rapid success. The volume extends to 750 pages, and is divided into three distinct parts. First, we have a series of ten statistical tables, one of which shows the number of Protestants and Roman Catholics in Europe. From this table we learn that in Great Britain and Ireland there are 26,100,000 Protestants and 5,520,000 Roman Catholics. In Italy the Protestants are 39,480, and the Roman Catholics 26,624,600; in France the Protestants number 511,621, and the Roman Catholics 35,497,235. In the whole world Mr. Martin computes that there are but 399,200,000 Christians, against 405,600,000 Buddhists, against 204,200,000 Mahometans, 174,200,000 Brahmanists, 111,000,000 of nondescript heathens, and 5,000,000 Jews. Passing from religions to the economic facts, Mr. Martin gives, in a series of tables, the density of population in various countries, their railways and telegraphs, their mercantile navies, and the progress of navigation in each country during the ten years ending in 1872. Mr. Martin's last three tables are devoted to the trade of Great Britain, showing the imports and exports to various markets in 1873 and 1874, with the material progress of England in the course of the last generation, namely, from 1844 to 1874. This last table is of great interest. It shows that, since 1844, the population of the United Kingdom has increased from 27,525,119 to 34,412,010. The exports have risen from 58 millions to 239 millions sterling, and the imports from 35 millions sterling to 368 millions. Meanwhile the taxes have risen from £52,835,125 in 1844 to £77,335,657, which is equal per capita to \$7·90 in 1844 and \$9·78 in 1874. This table of Mr. Martin's is selected from a report lately made to the House of Commons, and the figures are, therefore, official. These tables are preceded by a chronological summary of the chief events during the year 1874. The second part of the book gives an analytical synopsis of each of the States of Europe, showing its government, constitution, revenue, army and navy, area and population, trade and industry, railways and telegraphs, with the statistics of the churches and schools, with a variety of detailed information of the highest possible value to every one whose business or ambition leads him to take note of the stirring events which are occurring in Europe. The third part of the book applies the same analysis to America, Africa, Asia and Australia. In the chapter devoted to the United States the American reader will wish that Mr. Martin had carried down his researches to a more recent period. The same criticism is suggested in regard to India and Canada, which, being British dependencies, had more right to complain, perhaps, than would be conceded to a foreign country. These, and a few other defects in the *Statesman's Year-Book* will, no doubt, be corrected in future issues of this popular and useful book of reference.

The Internal Management of a Country Bank. By THOMAS BULLION; *with Notes and Observations by a Canadian Bank Manager.* Toronto: Williamson. 1874.

Mr. Bullion's well-known letters on the functions and duties of a branch manager were first published in the pages of the London *Banker's Magazine* nearly thirty years ago. They were collected and republished in a volume in the year 1850, the author expressing the hope that they might "assist the junior officers in banks in acquiring that scientific knowledge of their profession which, next to experience itself, best qualifies them for offices of trust and responsibility." The book before us republishes these letters precisely as they were at first written. The editor, who is a Canadian Bank Manager, has, however, attempted, with much success, to adapt this English book to the wants of American banking. To accomplish this he has added a number of brief practical notes which much enhance the usefulness of the work. The most important of these annotations is appended to the letters on Discounts.

Laws relating to the Treasury Department, compiled under the Direction of the Secretary of the Treasury from the Revised Statutes of the United States. Washington, 1874.

One of the distinctive features of the age in which we live is the activity that pervades every department of productive labor. The labor of the legislator offers no exception to the rule, as the ponderous volumes of modern statutes in almost all free countries abundantly prove. Now, as it is an old and well-established maxim that *ignorantia legis neminem excusat*, and every good citizen is bound to know the law, a difficulty of no small magnitude has arisen, which modern jurisprudence endeavors to meet by the expedient of digests, compendiums, and other works of a like character. Mr. Bristow has had completed a task of this kind in the book before us. It contains the whole of those sections of the Revised Statutes which affect the Treasury or prescribe the functions and powers of its officers. The book is prepared chiefly for the information of the officers of the Treasury, but it is likely to be of use to several different classes of persons. It contains, for example, all the Revised Statutes of the United States relative to the banks, the internal revenue, the public debt, the greenback currency, the regulation of commerce and navigation, and the management of the Post Office, besides a multitude of laws of a more general character. Hence the book should be in the library of every banker and financial student. It will also be found a valuable book of reference to traders who are brought into contact with the officers of the customs and internal revenue. It will be remembered that the text of the Revised Statutes was enacted by Congress 22 June, 1874. Moreover, section 5,601 provides that the enactment of this revision shall not affect or repeal any act of Congress passed since 1st December, 1873. It follows that all acts passed since that date "are to have full effect, as if passed after this revision, and so far as any such acts vary from said revision they are to have effect as subsequent statutes; and as repealing any portion of the revision inconsistent therewith." Thus, the recent finance laws, and all other statutes of later date than December, 1873, are amendments to the law as here digested, and should be carefully noted in their proper place. Although this book is, as we said, intended chiefly for the use of the Treasury officials, a limited number of copies will, it is presumed, be available for the public.

The Banker's Code: a Compilation of Laws of the State of New York, relating to Incorporated, Associated, and Individual Banks, National Banks, Savings Banks, etc. By DANIEL SHAW, *Late Deputy Superintendent of the Banking Department.* Albany: Weed, Parsons & Co., 1875.

This is an indispensable book to several classes of persons. To managers of banks, loan, trust, mortgage, guarantee and indemnity companies it gives in an authentic form the present state of the law in the very words of the statutes regulating such institutions. The book is divided into sixteen chapters. The first contains everything in the Revised Statutes of this State pertaining to the Bank Department at Albany, defining its constitution, powers and functions. The second chapter presents a compendium in 37 pages of the law relative to banking associations and individual bankers. The next chapter gives in a dozen pages the full account of the laws relative to the conversion of State banks into National banks and of National banks into State banks; also of the law as to the final closing of incorporated, associated and individual banks. The next ten chapters are devoted to the enforcement of the responsibility of stockholders, and to a multitude of general provisions of the banking law, the most important of which concern the publicity by quarterly reports and otherwise, which has always been so conspicuous a feature of the New York banking system. The last two chapters contain, in brief compass, the general laws relating to savings banks and moneyed corporations. The Appendix gives a variety of instructions, and forms of certificates and affidavits, relative to the organizations, individual banks and savings banks. The Index is very careful and elaborate, adding greatly to the practical value of the work as a book of reference. If an introduction were added containing some historical and statistical information, with a brief summary of the decisions of the Courts in regard to the usury penalties, et cætera, the utility of Mr. Shaw's book would have been considerably enhanced. The new Savings Bank Law of this State will also, of course, be inserted in its proper place by intelligent bank officers who have already purchased this book.

A Treatise on the Law of Guaranties and of Principal and Surety. By HENRY ANSELM DE COLYAR; *with Notes to American Cases and an Appendix containing the English and American Statutes of Frauds and Perjuries, by* JAMES APPLETON MORGAN, *of the New York Bar.* New York: Baker, Voorhis & Co. 1875.

To not a few of our readers the Appendix will seem the most important part of this elaborate work. Certainly it is likely to prove of practical use to a large number of business men in all parts of the country. Mr. Morgan has thrown together in the short compass of fifty pages a collection of valuable information, which, so far as we remember, it has not occurred to any other writer to compile in so lucid a form. In addition to this digest of the English and American Statutes of Fraud, the editor has enriched Mr. De Colyar's treatise with brief and pertinent notes, consisting chiefly of citations of important and late American cases. Mr. Morgan very modestly says that he does not pretend to cite all the American cases on the important and voluminous subjects treated. Such an attempt would only have added to the bulk of the work without proportionately increasing its value. He claims, however, "that among the cases cited—some 1,200 in number—will be found included all leading

and late cases germane to the subject-matter of the text, contained in the various volumes of Federal and State reports."

As for the work of Mr. De Colyar, its singular value is too well known in this country to need any commendation from us. It is the latest and the most complete treatise that has appeared in England on the subjects of guaranty and suretyship. Its practical value to American readers is enhanced by several circumstances. For instance, Mr. De Colyar has adopted the American system of text-writing in preference to that in use by English writers. It has often been observed that the American mind is much more "Frenchy" than the English mind. This quality is seen in nothing more perfectly, perhaps, than in the analytical methods of our best teachers and text-books. Thus, in our legal text-books, the American teacher usually adopts the method of considering in his text nothing but the principles and the rules. These principles he connects with the cases in which they have been established, by the machinery of foot-notes or other references. The English method, as is well said by Lord Campbell, in his *Life of Chief-Justice Mansfield*, is almost exclusively historical. Hence in the best English books we find, in the body of the text, a sort of running record of the cases themselves, their dicta, rulings, history, progress and close. Not unfrequently we have in detail the arguments, objections, and strategy of the opposing champions who fight on either side in the forensic arena. Hence the old phrase of "imbuing the mind with the spirit of the law" no doubt had its origin. The student in the English Courts, like those of the Courts of Ancient Rome, was expected to digest for himself the complicated details of the report, however imperfectly it was told him, and to develop therefrom the principles and rules which are for him both the basis and superstructure of the fabric of legal science that he is to build.

We are not contending against this English method of study. Though prolix and confusing to the logical or the philosophic order of minds, it is accurate and trustworthy, and the inquirer is sure to find out what the law is and what are the rulings or precedents which the Courts are most likely to follow. In other words, it has more tendency than our method to make the adept "a living repository of the law." It is the peculiar merit of Mr. De Colyar that he has conceived the idea and executed the work of grafting the American variety on the English stock, to the great improvement of both. The thoughtful banker or merchant will read with special pleasure the author's remarks on the operation of the Statute of Frauds upon promises to guarantee and on the validity of oral or verbal agreements to pay the debt of another. Many a man of youthful promise and spotless honor has unwittingly and incautiously ruined his fortunes or brought distress and life-long suffering on his family for a lack of little timely information, such as this book affords. The subjects of continuing guaranties and of letters of credit, as well as of guaranties *to*, *for*, or *by* partners, will be found extremely lucid and instructive. We must not omit to mention that, while in those cases where the English rules laid down by Mr. De Colyar are the same as those governing in this country, these rules are accompanied by simple foot-notes of the American cases, a more elaborate foot-note is appended in every case where the rules in the two countries differ, or where a doubt has been expressed in this country. In all such cases the nature and grounds of the difference or doubt are briefly and concisely laid down.

INQUIRIES OF CORRESPONDENTS,

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CHECKS PAYABLE IN EXCHANGE ON NEW YORK.

——— N. Y., May, 1875.

A new State Bank has been organized recently in this place and began operations by writing to our larger correspondents, offering to remit for collections at less than the usual rates. Naturally, we were obliged to reduce our rates in order to keep the business, and when they found that we still received the larger part of the collections they adopted the following plan: They instruct their depositors to draw checks on them "payable in New York draft less exchange." When we receive such a check on them for collection and present it at their counter for payment, they give us their draft on New York for the amount, deducting the exchange at the usual rate. The result of this trick is, that we, who do all the work, do not receive any pay for it, and in many cases, where the rates have been reduced, we actually lose by making the remittance. What do you think of such banking? All bank officers to whom we have explained the case condemn the practice, and some say a check written in that way is not negotiable paper. One prominent bank president, who does the largest collection business in this section, says it "shows either weakness or fear," and "when *his* bank can pay only 99¾ cents on the dollar, he will close the doors." Another thinks "it comes from inexperience and will be corrected by time;" but we would like to have the expression of opinion by some authority like your Magazine. We have had for collection one of their certificates of deposit made payable in the same way.

REPLY.—We regard such expedients as the above-mentioned as very objectionable, and tending to the injury of the bank which undertakes them. The checks described are not negotiable paper, and their utterance is therefore unsound banking. But from our knowledge of the bank complained of, we are led to agree with the opinion that their error "comes from inexperience and will be corrected by time," for we do not believe that its officers would knowingly have recourse to devices which they might see to be unfair as well as unprofitable in the end.

II. ARE STAMPED SIGNATURES BINDING?

——— PA., May, 1875.

In sending items for collection, credit, or returns, do you consider it necessary to have the written signature of the Cashier in addition to a stamp such as that below? Would you consider the *printed indorsement* of a Cashier as a strictly legal one?

Pay ——— Cashier or Order, for Collection Account of
Fourth National Bank, Cleveland, O.
Allen Strong, Cashier.

REPLY.—The habit of using such a stamp may be considered to be constructive evidence of its recognition as the valid indorsement of a bank upon its collection paper. To obviate possible dispute it is much better, however, that the *name* of the Cashier or banker be written by or for him.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE—1874-5.

Compiled by THOMAS DENNY & Co., Stock and Bond Brokers, 39 Wall Street.

(*For previous quotations see Banker's Magazine for December, page 470.*)

STOCKS.	1874. November. Lowest.	Highest.	December. Lowest.	Highest.	1875. January. Lowest.	Highest.	February. Lowest.	Highest.	March. Lowest.	Highest.	April. Lowest.	Highest.
U. S. Six per cts. of 1881, Coupon Bonds	118⅝	120	119½	122⅛	118¼	119⅝	119¾	120⅝	119¾	121½	120	123⅜
" Five-Twenty of 1862, "	110⅝	112¾	112¾	114⅜	114¼	115⅝	115¾	116¾	116⅜	117½	118½	118¾
" " 1864, "	113	114¾	114¼	116	116	117½	117¼	118	117½	118⅛	118½	121
" " 1865, "	114¼	116½	116¼	118⅜	118⅛	119½	119½	120¼	119½	120⅝	121⅛	121⅞
" " 1865, New, "	116¼	119	118	121⅛	117⅛	119	118⅜	119⅜	118⅜	119¾	119	122⅛
" " 1867............	117¾	120	119⅛	122⅛	118	119⅜	119⅜	120½	119¼	120½	119⅞	123½
" " 1868............	117¾	119¾	118⅞	120¾	118	119¾	119⅜	120¼	119⅜	120½	119¾	123⅛
" Ten-Forty Coupon Bonds	112⅛	114⅛	113¾	115¼	115	116¾	116¾	117⅜	113¾	115⅜	115½	117¼
" Five per cents. of 1881, Coupons	111⅜	113	112⅜	113⅞	113⅝	116	114¾	115¾	114⅛	115½	114¾	117½
" Six per cents. Currency.........	117⅞	119	116¼	118	117½	120	119	120	118⅝	119½	119⅛	124¾
Canton Company, Baltimore	56	64	59¼	61	58½	64	62	64½	62½	68	62	72
Delaware and Hudson Canal Company.	115¾	116¼	115½	117	110⅞	118⅜	110¼	114	113	114¼	114	121½
Consolidated Coal Company of Maryland	45	48½	43¼	48	42	43⅛	42	43	42	49¾	45½	50
Quicksilver Mining Company	30	36⅛	32¾	35⅞	33	35	32	35	25	33½	18¼	26
" " " Preferred..	37	48	43	45¼	40	44	36	40¾	30	40	27¼	32½
Mariposa Land and Mining Company..	4½	6	3	5	3½	8	5	7½	3½	6¼	3¾	8
Western Union Telegraph Company ...	78	81¼	78	83⅛	70⅞	79¼	70¾	75⅞	73½	78⅝	76⅝	80½
Pacific Mail Steamship Company	43½	45⅞	33⅝	45⅜	33⅜	36⅜	30⅞	37⅞	34⅜	45¼	41½	45⅞
Adams Express Company	115	120	113¼	117¼	98	100½	99	102	101⅜	104¾	101	104
Wells, Fargo & Co. Express Company.	78	84	82	84	79½	83½	84	87¼	85⅝	88⅛	87½	92½
American Express Company...........	63	65⅞	62	65¾	62	65¼	63	64⅜	63⅜	64	63½	64⅝
United States Express Company......	63¼	65½	57½	65	57	65	56¼	60½	57½	61½	51	64
N. Y. Central and Hudson River R. R.	101	102¾	100	102¼	100⅞	102⅝	101	102⅜	100	103	100⅝	105¼

Erie Railway	26½	29¼	26	29¼	28	30¼	26⅜	29½	26½	35½	28⅞	32½
" Preferred	..	..	43	45	51	53	..	..	42	50	42½	44
Harlem Railroad	129¾	133	127½	131½	127	128¼	127½	129½	128½	131	130	138
N. Y., New Haven and Hartford R. R.	134¼	139½	132	133	133	137	137½	138¾	138¼	139	139	140
Michigan Central Railroad Company	73¾	78	77	83½	78	82¼	70¼	78⅜	74	78⅜	73	76
Lake Shore and Michigan Southern R.R.	79⅞	82⅝	78⅜	81½	72⅞	80⅛	72¾	75⅝	72⅞	75⅝	70⅛	75½
Panama Railroad Company	114½	116	114	116½	110¼	115	111	113½	111	119½	118	172
Union Pacific Railroad Company	33⅞	36¾	33⅜	37¼	36	38⅛	38⅜	41½	40⅜	68¼	63⅝	78½
Illinois Central Railroad Company	94	99½	97¾	101	97	102	100¾	102½	100	103	101½	106½
Cleveland and Pittsburgh Railroad Co.	87¼	89	87¾	88⅞	88½	93	90	92¾	90⅝	92½	91¾	94½
" Col., Cin. and Ind. Railroad	64	66	59	69¾	63½	71	63½	65½	60	65	60	62½
Chicago, Rock Island aad Pacific R. R.	96⅞	101¾	100	103¼	102⅜	104	102⅝	105¼	102⅞	106⅞	102¼	106¾
Pittsburgh, Ft. Wayne and Chicago R.R.	91⅞	96½	93¼	95⅝	93⅛	98⅝	97¼	98¼	96¾	99	96	98
Chicago, Burlington and Quincy Railroad	100¾	105¼	103¾	109	109	110½	103¼	109	105½	113⅛	112½	119
" and Alton Railroad Company	98⅞	102¼	101½	105	104¾	105¾	102½	107⅞	100	103¼	103	108
" " " Preferred	..	..	..	..	..	..	110	112½	104½	106	108	112
" and Northwestern Railroad Co.	36⅞	46¾	43	48	43½	48⅜	39¼	47⅛	38½	46½	41⅜	45⅞
" " " Pref.	52¼	62¾	58	62½	56¾	62¾	51½	60⅛	50¾	59¼	53¾	58½
" Milwaukee and St. Paul R. R.	32⅛	39⅞	35⅛	40⅜	36	39⅜	32½	38⅜	32½	38⅝	36⅜	40
" " " Pref.	50½	59	56	58¾	57	59¾	51	58½	51	57	56⅞	59⅞
Toledo, Wabash and Western R. R. Co.	29	32⅞	18⅜	32⅜	14⅜	21½	10	17¾	11⅜	18	14¼	16⅞
St. Louis and Iron Mountain R. R. Co.	16½	26¼	24¼	27	25	27	20	24½	20	20½	17	23¾
Pacific Railroad Company of Missouri	36¾	48½	46½	47½	46	51¼	44¼	48¾	44½	49½	47½	55
St. Louis, Kansas City and N. R. R. Pref.	20	26	21	26	24½	24½	..	..	22½	25¾	28	44¾
Atlantic and Pacific Railroad, Preferred	12¾	18⅛	15¼	17⅛	14½	17⅞	12¾	15¾	13	15	13¾	18
Del., Lackawanna and West. R. R. Co.	108½	109¾	107½	109½	106½	108¾	108½	110½	110¼	112½	110⅜	123
Alton and Terre Haute Railroad	7	11	11	11	..	..	8	8	7	7	7	8
" " " Pref.	26	26	26¼	27	25	27	26	26	26	26½	25	27
Morris and Essex Railroad Company	98¼	98¾	95½	99½	95	96	95½	97½	97½	100	100	103½
New Jersey Central Railroad Company	106	108	106	108¾	104½	107½	107⅜	109	109¼	113	110	120
Rome, Watertown and Ogdensburg R.R.	72	72	77½	77½	..	..	73½	73½	69	73½	..	..
Rensselaer and Saratoga Railroad Co.	..	..	..	..	..	..	111	111	..	..	111	111¾
Ohio and Mississippi Railroad Company	27⅞	33¼	29⅜	33⅜	26½	32¾	24	29⅞	24⅞	29¼	26½	29⅝
Hannibal and St. Joseph Railroad	24½	27¼	24½	27	18¾	26	19⅝	22¼	20¾	29	24¾	29
" " " Pref.	29¼	35½	33¾	35	28	34¾	27½	30¾	28½	37½	30¾	35
Col., Chicago and Ind. Central Railroad	9	11⅛	8⅞	10½	8	9½	4¾	8⅞	5	6¾	5⅞	7

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements (cents omitted).

DEBT BEARING INTEREST IN COIN.

	April 1, 1875.		May 1, 1875.
Bonds at six per cent	$1,149,135,900	..	$1,132,177,050
Bonds at five per cent	574,252,750	..	580,652,750
	$1,723,388,650	..	$1,712,829,800

DEBT BEARING INTEREST IN LAWFUL MONEY.

Certificates of indebtedness at 4 per cent.	$678,000	..	$678,000
Navy pension fund at 3 per cent	14,000,000	..	14,000,000
	$14,678,000	..	$14,678,000
Debt on which interest has ceased	7,973,650	..	19,559,140

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes	$379,298,882	..	$378,123,492
Certificates of deposit	43,045,000	..	47,865,000
Fractional currency	44,343,209	..	43,809,565
Coin certificates	24,191,900	..	22,403,300
	$490,878,991	..	$492,201,358
Total debt	$2,236,919,292	..	$2,239,268,298
Interest	29,048,419	..	35,628,178
Total debt, principal and interest	$2,265,967,711	..	$2,274,896,476

CASH IN THE TREASURY.

Coin	$84,105,520	..	$94,625,669
Currency	5,182,412	..	1,096,375
Special deposit held for redemption of certificates of deposit, as provided by law	43,045,000	..	47,865,000
	$132,332,933	..	$143,587,044
Debt, less cash in the Treasury, April 1, '75	$2,133,634,778	..	......
Debt, less cash " " May 1, '75	......	..	$2,131,309,431
Decrease of debt during the past month	$3,681,210	..	$2,325,346
Decrease of debt since June 30, 1874	9,453,462	..	11,778,809

BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES, INTEREST PAYABLE IN LAWFUL MONEY.

Principal outstanding	$64,623,512	..	$64,623,512
Interest accrued and not yet paid	969,352	..	1,292,470
Interest paid by the United States	26,264,102	..	26,264,102
Interest repaid by transportation of mails, &c.	5,943,748	..	5,945,643
Balance of interest paid by the U. S.	$20,320,354	..	$20,318,458

THE BANK CONVENTION OF 1875.

To the Bank Officers and Bankers of the United States: APRIL, 1875.

DEAR SIR: You are respectfully invited to attend a National Convention of Bank Cashiers and Bankers, to be held on the 20th day of July next, at Saratoga, New York. The desire and necessity for a meeting such as is now proposed has long been fully realized, and its importance duly appreciated by all who have an official connection with banks. The advantages and pleasure, individually, that will be derived from personal intercourse with those who are in daily correspondence, are alone sufficient inducement for such a meeting; and, besides better acquaintance and pleasure, we believe that great profit will result from interchange and comparison of ideas and experiences relating to the conduct of our business. We cannot but think, furthermore, that our general interests will be promoted by a National Congress of experienced bank officers and financiers, in which, doubtless, questions of National interest and importance, as they relate to us, will be fully and freely discussed. These objects combined must, we believe, command universal respect and attention, and exert a powerful influence for good. From the hearty approval of the meeting and its objects received through responses to correspondence with cashiers and bankers in the principal cities and towns of the country, we have every reason to expect a very large attendance.

It will give us pleasure to have you signify, to one of the undersigned, your intention to be present at the Convention; and also any counsel or suggestions you may be pleased to give respecting the meeting, the order of business, subjects for discussion and action, &c., &c. Very respectfully,

GEO. F. BAKER, Cashier,
First National Bank, New York.
A. W. SHERMAN, Cashier,
Dry Goods Bank, New York.
JOHN M. CRANE, Cashier,
Nat. Shoe & Leather Bank, New York.
ROYAL B. CONANT, Cashier,
Eliot National Bank, Boston.
JOHN J. EDDY, Cashier,
Nat. Bank of Commonwealth, Boston.
WM. A. WINSHIP, Cashier,
Casco National Bank, Portland.
HIRAM RICH, Cashier,
Cape Ann National Bank, Gloucester.
JOHN W. VERNON, Cashier,
Merchants' National Bank, Providence.
MORTON MCMICHAEL, JR., Cashier,
First National Bank, Philadelphia.
P. A. KELLER, Cashier,
Union National Bank, Philadelphia.
J. WESLEY GUEST, Cashier,
Citizens' National Bank, Baltimore.
A. P. PALMER, Cash., Albany City Bk.
S. M. CLEMENT, Cash. Marine Bk, Buffalo.
CHAS. E. UPTON, Cash. City Bk., Rochester.
J. D. SCULLY, Cashier,
First National Bank, Pittsburgh.
C. C. CADMAN, Cashier,
Merchants & Manufacturers' Bk., Detroit.
W. R. MERRIAM, Cashier,
Merchants' National Bank, St. Paul.
L. V. PARSONS, Cashier,
Third National Bank, Chicago.
L. J. GAGE, Cash. First Nat. Bk., Chicago.
GEO. A. IVES, Cashier,
Union National Bank, Chicago.
U. S. PENFIELD, Cash. First N. B., Quincy.

WM. G. FITCH, Cashier,
National Exchange Bank, Milwaukee.
THEO. STANWOOD, Cashier,
First National Bank, Cincinnati.
H. C. YERGASON, Cashier,
Merchants' National Bank, Cincinnati.
WM. L. CUTTER, Cashier,
Merchants' National Bank, Cleveland.
C. F. ADAMS, Cash. Second N. B., Toledo.
E. C. BRECK, Cash. Ex. Bk., St. Louis.
JAMES T. HOWENSTEIN, Cashier,
Valley National Bank, St. Louis.
R. A. BETTS, Cash. St. Louis Nat. Bk.
F. W. BIEBINGER, Cashier,
Fourth National Bank, St. Louis.
S. A. FLETCHER & CO., Indianapolis.
W. G. HUME, Cash. Bk. of Ky., Louisville.
L. C. MURRAY, Cashier,
Kentucky National Bank, Louisville.
J. J. FREEMAN, Cashier,
State National Bank, Memphis.
C. L. C. DUPUY, Cashier,
State National Bank, New Orleans.
JOSEPH MITCHEL, Cashier,
Mutual National Bank, New Orleans.
H. G. LOPER, Cashier,
People's National Bank, Charleston.
J. W. LOCKWOOD, Cashier,
National Bank of Virginia, Richmond.
BALL, HUTCHINGS & CO., Galveston.
J. L. LEONARD, Cashier,
Adams & Leonard, Dallas.
THOMAS BROWN, Cashier,
Bank of California, San Francisco.
R. N. VAN BRUNT, Cashier,
Merchants' Exch. Bank, San Francisco.
P. N. LILIENTHAL, Cashier,
Anglo-Californian Bank, San Francisco.

BANKING AND FINANCIAL ITEMS.

The New Assistant Secretary of the Treasury.—Mr. Curtis F. Burnham, of Richmond, Ky., has been appointed Assistant Secretary of the Treasury, *vice* Hartley, resigned. Mr. Burnham is President of the Farmers' National Bank, a lawyer of high standing, and in every sense a reputable gentleman.

Five-Twenty Bonds.—The eighteenth call was made by the Treasury Department on May 1, for $5,000,000, of Five-twenties of 1862, interest to cease on August 1, viz.:

$50—No. 17,101 to No. 18,700.	......	$500—No. 22,410 to 25,000.
$100—No. 44,201 to No. 48,100.	......	$1,000—No. 70,951 to 75,850.

The Nineteenth Call of Five-Twenty Bonds.—The Secretary of the Treasury, on the 15th of May, issued a call for the redemption of $5,000,000 of 5-20 bonds of 1862, to be paid on the 15th day of August, at which date interest will cease. All the amount called in is in coupon bonds, the numbers, both inclusive, viz.:

$ 50—No. 18701 to No. 20309.	....	$ 500—No. 25001 to No. 27500.
$ 100—No. 48101 to No. 51600.	....	$ 1000—No. 75857 to No. 80650.

Treasury Redemption.—Assistant U. S. Treasurers are henceforth directed by the Secretary that drafts on New York, Boston and Philadelphia are to be no longer accepted in reimbursement for National Bank notes redeemed. Payment may, however, be made by deposits to the credit of the Treasurer's currency transfer account in those cities. Banks outside of those cities may make the deposits through their correspondents, who may forward the certificates directly to Treasurer Spinner. This announcement is made in view of the risks attendant, and because the service is not required by law.

The Stock Exchange.—The annual election of the New York Stock Exchange was held on Monday, May 10th. The following were the successful candidates:

President, George W. McLean; Treasurer, DeWitt C. Hays; Secretary, B. O. White; Chairman, Moses A. Wheelock; Vice-Chairman, James Mitchell. Governing Committee—To serve two years, I. N. Newell, D. T. Worden; to serve four years, George H. Brodhead, J. V. Bouvier, C. M. Stead, F. W. Smith, H. Graves, John Ten Brook, H. E. Alexander, B. L. Smyth, D. B. Hatch, H. W. Perkins. Trustee of Gratuity Fund, A. S. Peabody.

At the opening of the Exchange on the 11th, the result of the election was announced. Mr. George H. Brodhead, the retiring President, made a brief address, and thanked the members for the uniform courtesy and consideration extended to him during his official term.

The new President, Mr. McLean, was received with applause. He stated that the day was the anniversary of his entrance into Wall street thirty-six years ago, and that among those who had cast their votes for him he recognized the sons of the associates of his boyhood. He referred to the present prosperous condition of the Exchange, and congratulated the members on this and its future prospects.

National Bank of the Commonwealth.—The Comptroller of the Currency will declare a dividend of 20 per cent. in favor of the shareholders of this bank as soon as their claims are proved and the schedules can be prepared by the Receiver. The creditors of the bank have already been paid their full amounts.

New York.—Messrs. Forster, Ludlow & Co., of Austin, Texas, have opened a banking-house in this city at No. 7 Wall street. Mr. Francis B. Forster, the senior partner, will attend personally to the business here, and the Texas house is to be continued as heretofore.

THE LIABILITY OF BANKS FOR COUNTERFEIT NOTES.—A package of legal-tender notes was sent, by a National bank in Nebraska, to the Treasurer's office, for which returns were at once made to the bank. In this package, so redeemed, was one $500 note of the issue of 1869, which was subsequently ascertained to be a counterfeit. That it might be settled by competent authority, the Treasurer submitted for decision the question as to the liability of the bank or the Treasurer for a counterfeit once redeemed. In a letter to Treasurer Spinner, the Secretary thus replies:

"It appears from your letter that the principle upon which the bank founds its claim to be relieved from liability is, that the person who pays what purports to be a genuine obligation given by him for the payment of money, but which is really a forgery, cannot recover the money paid, and that he is considered as adopting the paper when he, with better opportunities to determine upon its genuine character than are possessed by any other person, pays the amount. Admitting that the courts have ruled to this effect as between private parties, the United States have always taken the ground that its agents, in redeeming spurious issues, could not bring the Government within the operation of this general rule, and inasmuch as all the courts before which the issue has been tried have adjudicated in support of the position assumed by the Government, you can, with good reason and great propriety, demand of the bank the refund of the amount in question."

CALIFORNIA.—The banking-house of Wigginton, Blair & Co., at Merced, is succeeded by the Merced Bank. The officers are—J. M. Montgomery, President; S. C. Bates, Vice-President, and Charles M. Blair, Cashier.

BOSTON.—Benjamin Dodd died at Boston on April 25th, aged seventy-nine. Mr. Dodd was a native of Holden, Mass., and a brother of the late James Dodd, who was for many years Cashier of the Massachusetts Bank. The deceased was identified with the banking interests of Boston by connection with several institutions during the past sixty years. He was first book-keeper in the City Bank, and afterward foreign money clerk in the New England Bank. When the Atlantic Bank was established in 1828, Mr. Dodd was appointed Cashier, which position he continued to hold until his death—a period of forty-seven years. His successor is Mr. James T. Drown, formerly the Assistant Cashier.

WHO IS THE OLDEST BANK OFFICER?—It is claimed that Mr. William H. Foster, Cashier of the Asiatic Bank, Salem, is the oldest bank officer in Massachusetts. Mr. Foster began his services in June, 1824, has ever since continued uninterruptedly in office, and is now reputed to be as efficient as at any previous time in his long career.

Notwithstanding their many responsibilities, and frequently arduous duties, the longevity of bank officers compares favorably with that of any other vocation. It is interesting to note such instances of faithful and long-continued service as the above, and, if our readers will favor us with the information, we shall be glad to place others on record. As a rule, it will be found that these reverend seniors have always been men of very regular habits, and little given to excitements of any kind.

MINNESOTA.—The First National Bank of Duluth has elected the following new officers: President, Sidney Luce, *vice* J. B. Culver, resigned; Cashier, Henry H. Bell, *vice* George C. Stone, resigned.

MISSISSIPPI.—The Capital State Bank, at Jackson, announces in the BANKERS' DIRECTORY at the end of this number, its readiness to attend promptly to collections throughout the State of Mississippi. The officers are, Thomas E. Helm, President; John H. Odeneal, Cashier. New York correspondent, The Ninth National Bank.

OHIO.—The First German Loan Association of Cincinnati has been reorganized under the firm name and style of "The Western German Bank of Cincinnati," with a capital of $100,000. The officers are, John Freytag, President; Joseph Schoenenberger, Vice-President; Adolph Sommer, Cashier; and F. J. Werner, Secretary. New York Correspondent, the Importers and Traders' National Bank.

Philadelphia.—The May Dividends of Philadelphia Banks are as follows:

	Per ct.			Per ct.
Second National Bank	5	..	Mechanics' National Bank	5
Third National Bank	5	..	National Bank of Commerce	4
Sixth National Bank	5	..	National Bank of Germantown	6
Seventh National Bank	3	..	Nat. Bank of Northern Liberties	10
Central National Bank	6	..	National Bank of the Republic.	
City National Bank	6	..	People's Bank	6
Commercial National Bank	5	..	Penn National Bank	5
Consolidation National Bank	6	..	Philadelphia National Bank	7
Corn Exchange National Bank	5	..	Southwark National Bank	10
Farmers and Mechanics' N. Bank	5	..	Tradesmen's National Bank	10
Girard National Bank	6	..	Union National Bank	5
Kensington National Bank	6	..	Western National Bank	5
Manufacturers' National Bank	4	...	West Philadelphia Bank	4

The *Ledger* thus remarks: The banks declare on the same amount of capital as at the last semi-annual period in November last, and all the banks make the same dividends as then, so far as we learn, except the Mechanics' National and the Corn Exchange National, each of which makes five per cent. now and made six in November last. The Commonwealth National Bank, that made two per cent, at the November period, now passes its dividend, as does also the Bank of America, which is in a transition state, and the Spring Garden Bank, which has put its earnings into a new banking house. We have no positive information from the Bank of the Republic, but have been informed that it, too, passes its dividend for the present. No one of the banks makes any larger dividend than in November last. Money for the last half year has been unusually cheap from lack of legitimate business demand for its use, and the banks have been enabled to keep up their dividends so generally as they have only by the aid of their large surpluses and very heavy lines of deposits.

Attempted Bank Theft.—An endeavor was made on May 3d, to rob the People's Savings Bank, of Pittsburgh. While the cashier was alone three persons entered the bank separately, apparently strangers to each other. Two engaged the attention of the cashier while the third succeeded in getting behind the counter. Their design was frustrated, however, by persons who had observed their movements on entering the bank. Two men were arrested the next day, who were believed to be the parties implicated.

Payment of Forged Orders on Savings Banks.—Appleby *vs.* the Erie County Savings Bank of Buffalo. In 1873 plaintiff had to his credit, on books of defendant, a deposit of $925.50. One Clarkson stole the plaintiff's pass-book from his trunk, forged a receipt in the plaintiff's name, and drew the money from the bank. Defendant's by-laws provided that possession of the pass-book was sufficient evidence of ownership to authorize the payment of moneys due thereon, without further inquiry on its part. There was some evidence going to show that Clarkson, upon presenting the pass-book at the bank, acted in a manner calculated to arouse suspicion; also, that there was material difference between the forged signature and the genuine one written in the signature-book of the bank. Defendant claimed that, having over twenty-five thousand depositors, it is imposible that the officers of the bank can recognize them all, or even become familiar enough with their signatures to detect forgeries, and that the bank is protected by the by-law before mentioned. The Superior Court of Buffalo directed a verdict for defendant. Upon appeal to General Term this ruling was sustained, and the New York Court of Appeals has affirmed the judgment with costs.

This decision takes from the depositor in a Savings Bank one of the important advantages of a bank account, viz.: security from robbery. It is an unwise evasion of responsibility if deposits payable to order are to be treated like coupons payable to bearer, and if the money represented by a pass-book can be stolen as readily as a bank-note. A serious loss of business is not unlikely to ensue when this point comes to be generally understood by a class already disposed to regard all moneyed institutions as hostile to individual rights.

UTAH.—The suspension of the "Bank of Corinne," at Corinne, is reported. The name of this concern was dropped from the BANKER'S ALMANAC AND REGISTER, on account of its inexcusable tardiness in remitting for collections. A new banking-house at that point was announced in our April number—Messrs. J. W. Guthrie & Co., whose New York correspondents are Messrs. Geo. Opdyke & Co.

VIRGINIA LAW.—A curious feature is brought to notice in a decision of the United States District Court, Judge Hughes, in the case of Harmanson, assignee, *vs.* Wilson, *et al.* This decision allows a deduction of interest on certain promissory notes running during the war. The Court said that the contract to pay interest in Virginia was one subject to the legislative will, and not protected by the constitutional provision which prohibits the impairment of contracts. It was also said that the Legislature has constantly subjected the allowance of interest to the discretion of juries. The inference is that no matter what rate of interest may be agreed upon in a Virginia contract, any other rate, or none at all, may be allowed by either a court of chancery or a jury.

CANADA.—A statement showing the transactions of the Dominion Bank during the year ending 30th April last, announces the profits for that period, after deducting expenses and bad or doubtful debts, to be $138,310.83. Out of this sum two dividends of four per cent. each were paid, and $61,000 was carried to rest account. The total rest is now $225,000, or 22½ per cent. on the paid up capital.

THE BANK OF MONTREAL.—After paying expenses and providing for bad and doubtful debts, the net profits for the year ending April 30th, were $1,994,406, against $2,072,540 for the corresponding period of 1874. An addition of $500,000 was made to the rest account, which is now nearly fifty per cent. of the paid up capital.

LA BANQUE NATIONALE.—The fifteenth annual meeting of shareholders was held May 3d, at the office in Quebec, when the Directors' report and statement were presented. The net profits of the year ending April 30th, were $220,231. Out of these, two dividends of four per cent were made, and the sum of $80,000 carried to rest account. The latter now amounts to $400,000, or twenty per cent on the capital of the bank.

CANADIAN STATISTICS.—The trade and navigation returns of Canada for the year ending June 30, 1874, have been presented to the Dominion Parliament. The total exports for 1874 amounted to $89,351,928, and the imports to $128,213,582, representing a total volume of trade of $217,565,510.

BRAZIL.—A cable despatch from London, received on May 14th, announced the suspension of the National Bank, Rio de Janeiro, Brazil. This is a local institution, with a capital of $5,000,000, of which $2,500,000 was paid up. At the last published report, 31st of December, 1874, the stock was selling at par. The suspension of this institution caused much excitement at Rio, and many depositors in other banks withdrew their funds. The Bank of Brazil came to the aid of the National Bank, and the Government introduced a bill in the Chamber of Deputies authorizing the issue of 25,000 contos to relieve the crisis, which was caused by the absorption of capital by great undertakings in the provinces. These steps restored confidence. The National Bank has asked the forbearance of its creditors, promising to pay them in full, with interest.

THE EMMA MINE.—Advices from London report that Mr. F. Whinney has been appointed by the Vice-Chancellor to preside at the shareholders' meeting of the Emma Mining Company, when it is thought that the Company will be wound up. The report to the Company of Mr. Clarence King, U. S. Government Geologist, states that "the great Emma bonanza, the object of such wide celebrity, is, with insignificant exceptions, worked out."

THE BULK OF BANK-NOTES.—The stock of paid notes in the Bank of England for seven years, comprises about 94,000,000 in number, filling 18,000 boxes, which, if placed side by side, would reach three miles. The notes, placed in a pile, would be eight miles high; or, if joined end to end, would form a ribbon 15,000 miles long; their superficial extent is more than that of Hyde Park; their original value was over £3,000,000,000, and their weight is over 112 tons.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS,

Authorized April 21 to May 18, 1875.

No.	Name and Place.	President and Cashier.	Capital. Authorized.	Capital. Paid.
2250	Bristol National Bank, Bristol, CONN.	John H. Sessions.... Chas. S. Treadway.	$100,000	$60,000
2251	Greenville National Bank, Greenville, PENN.	William Achre........ William H. Beil.	110,000	55.000
2252	First National Bank, Millersburg, PENN.	Alfred Douden....... Ferdinand H. Voss.	100,000	60,000
2253	Hatboro National Bank, Hatboro, PENN.	I. Newton Evans.... S. Carey Ball.	65,000	45,800
2254	First National Bank, Prairie City, ILL.	Henry W. Krieder... James H. Wilson.	50,000	30,000
2255	Orange National Bank, Orange, MASS.	Damon E. Cheney... James H. Waite.	100,000	50,000
2256	Farmers & Mech. N. Bank, Mercer, PENN.	B. Magoffin, Jr......	80,000	40,000
2257	Second National Bank, Red Bank, N. J.	John S. Applegate... Isaac B. Edwards.	75,000	40,000
2258	First National Bank, Meyersdale, PENN.	Sam'l D. Livengood.. John M. Olinger.	50,000	34,000
2259	First National Bank, Dexter, MAINE.	Charles Shaw....... Charles W. Curtis.	100,000	50,000
2260	Manufacturers' Nat. Bank Lewiston, MAINE.	John M. Robbins.... William Libby.	100,000	50,000
2261	German National Bank, Allegheny, PENN.	Adam Wiese......... Joseph Stratman.	200,000	100,000
2262	Citizens' National Bank, New Bedford, MASS.	Joseph A. Beauvais.. T. B. Fuller.	250,000	125,000
2263	National Bank of Newport, Newport, VT.	Lucius Robinson.....	100,000	50,000
2264	Packard National Bank, Greenfield, MASS.	William N. Packard.. Rufus A. Packard.	100,000	50,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List; continued from May No., page 913.)

Place and State.	Name of Bank.	N. Y. Correspondent.
San Bernadino, CAL..	Bank of San Bernadino.....	Kountze Brothers.
Merced, "	Merced Bank..............	....
Bristol, CONN.........	Bristol National Bank.....	Fourth National Bank.
Rome, GA..........	Printup Brothers & Co.	Fourth National Bank.
Bloomington, ILL....	Bunn & Holmes...........	Bank of North America.
Chatsworth, " ...	E. A. Bangs & Co.	Third National Bank.
Marshall, " ...	Clark County Bank........	....
Prairie City, " ...	First National Bank.......	....
Albion, IND.........	Albion Bank...............	Cecil, Stout & Thayer.
Blairstown, IOWA....	Benton County Bank.......	....
Lemars, "	Lemars Bank...............	George Opdyke & Co.
Mt. Ayr, "	Sellards & Loughlin........	Kountze Brothers.

Place and State.	Name of Bank.	N. Y. Correspondent.
Holton, KAN.	S. K. Linscott	Kountze Brothers.
Humboldt, "	Humboldt Bank	....
Boston, MASS.	Robert Benson & Co.	Chase & Higginson.
Greenfield, "	Packard National Bank	....
New Bedford, "	Citizens' National Bank	....
Orange, "	Orange National Bank	N. Hide & Leather B., Boston.
Dexter, ME.	First National Bank	....
Lewiston, "	Manufacturers' Nat. Bank	....
Corunna, MICH.	J. D. Bennett & Co.	National Bank Commerce.
Galesburgh, "	Olmsted & Storms	Fourth National Bank.
Maple Rapids, "	S. P. Creasinger & Co.	W. A. Stephens & Co.
Eureka, NEV.	Eureka Bank	Kountze Brothers.
Red Bank, N. J.	Second National Bank	....
Rochester, N. Y.	Commercial Bank	American Exchange Nat. Bk.
Marion, "	A. B. Short	....
Tarboro, N. C.	Matthew Weddell	....
Sidney, OHIO	German-American Bank	National Park Bank.
Allegheny, PENN.	German National Bank	....
Fayette City, "	Binns, Cope & Brown	....
Greenville, "	Greenville National Bank	Importers & Tra. Nat. Bank.
Hatboro, "	Hatboro National Bank	....
Mercer, "	Farmers & Mechanics' N. B.	....
Meyersdale, "	First National Bank	....
Millersburg, "	First National Bank	Union National Bank, Phila.
Susque. Depot, "	Susquehanna Bank	National Currency Bank.
Weatherford, TEXAS	Samuel H. Milliken	Donnell, Lawson & Co.
Newport, VT.	Citizens' National Bank	....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List; continued from May No., page 915).

MAY, 1875.

Name of Bank.	Elected.	In place of
Bowery National Bank, N. Y. CITY.	Robert Hamilton, *Cash.*	C. Ring.
Bank of San José ... CAL.	Clement T. Park, *Cash.*	Henry Philip.
First National Bank, Stamford, CONN.	Chas. W. Brown, *Pres.*	H. M. Humphrey.
Merchants' Nat. Bank, Savannah, GA.	Henry Brigham, *Pres.*	....
First National Bank, Centreville, IND.	J. K. Jones, *Cash.*	Oliver T. Jones.
Vincennes Nat. Bk., Vincennes, "	Wilson M. Tyler, *Cash.*	F. H. Ross.
Parke Banking Co., Rockville, "	A. K. Stark, *Pres.*	D. A. Coulter.
Atlantic National Bank, Boston, MASS.	James T. Drown, *Cash.*	Benjamin Dodd.
First National Bank, Duluth .. MINN.	Sidney Luce, *Pres.*	J. B. Culver.
" " " "	Henry H. Bell, *Cash.*	Geo. C. Stone.
Lake City Bank, Lake City, "	Samuel Doughty, *Pres.*	....
Capital State Bank, Jackson ... MISS.	John H. Odeneal, *Cash.*	M. A. Van Hook.
Security Bank, St. Louis ... MO.	Henry M. Noel, *Cash.*	John Aull.
First Nat. Bank, Kansas City, "	M. W. St Clair, *Cash.*	....
Farmers & Traders' Bk., Mexico, "	R. R. Arnold, *Pres.*	....
Central National Bank, Rome .. N. Y.	Ed. H. Shelley, *Cash.*	Zaccheus Hill.
First National Bank, Yonkers, "	W. D. Olmsted, *Cash.*	Egbert Howland.
Liberty Savings Bank, Liberty, OHIO.	C. W. Wharton, *Cash.*	B. N. Hatcher.
Merch. & Planters' B., Denison, TEXAS.	................, *Pres.*	A. W. Gilbert.
" " " "	W. S. Lowe, *Cash.*	John E. Gilbert.

DISSOLVED, DISCONTINUED, OR CHANGED.

(Monthly List, continued from May No., page 915.)

CALIFORNIA—Wigginton, Blair & Co., *Merced* (succeeded by Merced Bank).

ILLINOIS.—J. B. Durham, *Momence* (now J. B. Durham & Son); Eagle Insurance Company, *Marshall* (succeeded by Clark County Bank).

INDIANA.—R. Pow & Co., *Angola* (succeeded by Citizens' Bank).

IOWA.—Head Bros., *Jefferson* (now Greene County Bank).

KANSAS.—Pratt & Dayton, *Humboldt* (succeeded by Humboldt Bank).

MAINE.—Bank of Portland, *Portland* (suspended).

MASSACHUSETTS.—S. P. Burt, *New Bedford* (now S. P. Burt & Co.).

MICHIGAN.—Morgan Vaughan, *Eaton Rapids* and *Litchfield* (suspended); J. B. Wheeler & Co., *Corunna* (succeeded by J. D. Bennett & Co.); Hopkins & Jackson, *Benton Harbor* (succeeded by Conger Bros.)

MISSOURI.—Central Mo. Bg. and Sav. Asso., *Sedalia* (now Sedalia Savings Bank).

NEW YORK.—Second National Bank, *Watkins* (now Watkins National Bank); Raymond & Huntington, *Rochester* (now Commercial Bank).

NORTH CAROLINA.—Bank of New Hanover, *Tarboro* (discontinued).

OHIO.—First German Loan Association, *Cincinnati* (reorganized as the Western German Bank of Cincinnati).

PENNSYLVANIA.—Sharon Banking Company, *Sharon* (succeeded by Sharon National Bank); Lykens Valley Bank, *Millersburg* (succeeded by First National Bank); Millerstown Savings Bank, *Millerstown* (succeeded by German National Bank); Achre, Wick & Co., *Greenville* (now Greenville National Bank).

A. L. Bartholomew & Co., *Preston* (now Preston Bank).

RHODE ISLAND.—D. I. Brown & Co., *Providence* (succeeded by Wilbour, Jackson & Co.)

TEXAS.—Boaz, Marklee & Co., *Fort Worth* (now California and Texas Bank).

UTAH.—Bank of Corinne, *Corinne* (suspended).

THE PREMIUM ON GOLD AT NEW YORK,

APRIL—MAY, 1875.

1874.	*Lowest.*	*Highest.*	1875.	*Lowest.*	*Highest.*	1875.	*Lowest.*	*Highest.*
March	11¼	13⅝	April 23	15⅛	15⅜	May 10	15½	15¾
April	11¾	14⅜	24	15¼	15⅜	11	15⅜	15⅝
May	11⅞	13⅛	26	15⅛	15⅜	12	15½	15⅝
June	10½	12¼	27	15¼	15¼	13	15⅝	15¾
July	9	10⅞	28	15¼	15⅜	14	15⅝	16⅛
August	9¼	10¼	29	15¼	15⅜	15	15⅞	16⅛
September	9¾	10¼	30	15⅜	15½	17	16	16⅛
October	9¾	10⅜	May 1	15¼	15½	18	15⅞	16¼
Nov.	10	12⅜	3	15	15⅛	19	16⅛	16⅜
Dec.	11⅛	12⅜	4	15⅛	15⅜	20	16⅛	16⅜
1875.			5	15¼	15⅜	21	15⅞	16¼
March	14½	17	6	15¼	15½	22	16⅛	16¼
April	14	15½	7	15⅜	15⅝	24	16⅛	16⅜
			8	15⅝	15⅞			

NOTES ON THE MONEY MARKET.

NEW YORK, MAY 25, 1875.

Exchange on London, at sixty days' sight, 4·86½ a 4·87½ in gold.

Notwithstanding the dullness which prevails at this season of the year, there are a number of topics of special interest claiming discussion. Some of these arise out of the extraordinary ease of the money market. The plethora of unemployed capital has not for a long time past been so conspicuous as now. Hence the deposits of the banks are much beyond the volume of the legitimate demand, and the rates favor the borrower. Loans on Government collaterals are reported as low as 2 per cent., and money is offered on Governments at 3 per cent. for the rest of this year. Commercial paper passes freely at 4 to 4½ per cent. for the best grades. The fact is, however, that a good deal of paper is offering at 8 to 10 per cent.; as a salutary conservatism discriminates by a strict line of distinction against names that are not well known. We have thus the anomaly prevailing in Wall street, that while money is regularly quoted at rates that are excessively low, borrowers formerly in high credit cannot borrow except at high rates, if at all. Unfinished railroads are of course on this tabooed list of borrowers, and are likely to remain under the ban for some time to come. This is a natural consequence of the excessive development of the railroad system of credit during the past few years. There are some indications of an increasing desire to lend, even on securities formerly not in favor.

Another feature of the money market is the diffusion of idle capital among the country banks. From causes that have been much explored, the country banks have for years been able to concentrate on interest at New York in idle times vast amounts of their unemployed funds. The facilities for doing this, which were conferred by the National Banking system, have often suggested some of the gravest objections urged by the opponents of that system. It is one of the results of the late financial legislation that this inveterate habit of the country banks has been interfered with. They are no longer accumulating so mischievous a surplus of idle deposits here, but seem disposed to a greater extent than formerly to keep their funds at home. Hence money is very easy in the interior. This change affords a suggestive confirmation of some of the arguments brought against the system of paying interests on deposits. Congress in its two last finance bills, has introduced a number of obscure changes into the banking system which are silently at work there, and their effects, which are partly good and partly bad, cannot easily be foreseen. All that we can do is to point them out as they arise. The following table shows the present condition of the New York Clearing-House banks. It will be seen that the reserve is now above the 25 per cent. required by law, the excess being $ 13,624,125.

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*	*Exchanges.*
April 26....	275,886,000 ..	12,045,900 ..	53,970,300 ..	21,146,200 ..	217,926,300 ..	448,065,054
May 3....	278,253,900 ..	9,511,800 ..	57,132,200 ..	20,784,300 ..	221,062,100 ..	500,100,598
" 10....	283,420,800 ..	10,100,000 ..	58,017,500 ..	20,488,400 ..	227,873,300 ..	513,641,092
" 17....	285,216,900 ..	10,364,500 ..	59,356,300 ..	20,363,800 ..	231,921,300 ..	447,921,394
" 24....	283,600,800 ..	10,634,600 ..	61,072,000 ..	20,163,100 ..	232,129,700 ..	514,257,278

The Boston Clearing-House statements compare as follows:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Deposits.*
April 26	130,595,100	629,000	8,533,000	24,754,006	74,673,000
May 3	130,394,400	751,000	8,345,900	24,739,400	75,334,200
" 10	130,024,500	852,500	7,996,600	25,013,300	75,100,200
" 17	129,405,700	773,200	7,836,100	25,011,900	74,247,800
" 24	128,432,300	738,000	8,025,800	24,997,300	74,161,900

The Philadelphia statements are subjoined:

1875.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
April 26	60,978,406	159,375	15,851,581	49,642,878	11,325,070
May 3	61,648,786	209,092	16,645,895	51,603,645	11,278,713
" 10	61,925,332	204,510	16,964,132	51,677,613	11,259,175
" 17	61,688,751	186,355	17,222,350	51,975,323	11,296,367
" 24	61,250,700	141,270	17,843,861	52,150,523	11,224,859

The Stock Exchange has been excited. Governments are strong and active on a good demand from home investors. Savings banks are among the principal buyers. The call for five millions of five-twenties, made on the 15th inst., helps to strengthen the market, and the prices here are higher relatively than those current in London, except the quotations rise there or fall here, or except there be a change in price of gold and exchange. It is predicted that we shall have some considerable specie shipments this summer. Taken with other circumstances, this expectation has given firmness to the gold market. Our usual quotations are subjoined:

QUOTATIONS:	*April* 30.	*May* 4.	*May* 11.	*May* 18.	*May* 25.
Gold	115½	115⅜	115½	116¼	116⅝
U. S. 5-20s, 1867 Coup.	123⅜	123⅛	123½	123¼	124⅛
U. S. new Fives Coup.	117½	115¼	116	116⅝	116⅝
West. Union Tel. Co.	79	80	78½	76⅝	77¼
N. Y. C. & Hudson R.	105	105	105¼	104⅞	104¼
Lake Shore	70½	71¼	71	66⅞	65
Chicago & Rock Island	105¼	104¼	104¾	103⅜	102¼
New Jersey Central	113½	111½	109	110	110
Erie	30⅞	30¼	27¼	25⅜	20¼
Bills on London	4.87a4.88	4.87a4.88	4.87a4.88	4.86¼a4.87	4.86½a4.87½
Treasury balances, cur.	$41,866,815	$41,481,143	$43,611,400	$44,872,978	$46,604,300
Do. do. gold	61,005,067	60,654,614	56,627,686	55,631,082	54,400,933

Much discussion continues in the financial circles with regard to the effect of the two last finance laws. Mr. Comptroller Knox has written to the New York *Evening Post* an interesting explanation. It will be remembered that the Act of June, 1874, allowed the National Banks to withdraw their bonds from Washington, and to give up their circulation, upon the deposit of greenbacks for the amount of the notes issued upon the bonds. The Act of January, 1875, sanctioned the issue of National Bank notes without limit; but required the withdrawal of $80 of greenbacks for each $100 of bank-notes issued. By the working of these two acts opposite forces were set in operation; and the dispute is, which is the most likely to prevail, the force for inflation, or that for contraction. To answer this question in regard to the period closing May 1, Mr. Knox shows that when the Act of 1874 was passed the National Bank notes amounted to $340,894,182. On January 14th, 1875, the notes had increased to $351,861,450; and on May 1st, 1875, the bank-notes had increased to $352,617,593. Since the Act of 1874 was passed, notes have been issued to the amount of $8,888,337, and there have been $6,164,926 of notes retired and destroyed. Thus the actual increase of National Bank notes amounts to $2,723,411. Turning now to the other law, that of January, 1875, Mr. Knox says that the deposits of greenbacks since the enactment of that law have been $20,794,122. Besides this sum, $2,723,411 of greenbacks had previously been deposited for note redemption by banks in liquidation. There were thus 23 million

of greenbacks locked up for this purpose. Of these 23 millions, $6,164,926 have been released by the destruction of the bank-notes which they represented. Hence the 23 millions were reduced, May 1st, to $17,216,132. But the 80 per cent. clause of the law of January, 1875, operates in regard to $4,935,300 of bank-notes which have since been issued. To represent these five millions of bank-notes, greenbacks have been canceled to the amount of $3,948,240.

From these figures we correct the table given last month of the currency contraction since June 14th, 1844, as follows:

	May 1.
National bank notes contracted by depositing greenbacks	$ 20,794,122
Less new National bank circulation issue up to May 1, 1875	8,888,337
	$ 11,905,785
Add greenbacks retired, viz., 80 per cent. on $ 3,556,600 new National bank circulation issued up to date, May 1	3,948,240
Absolute contraction from June 20, 1874, to May 1, 1875	$ 15,854,025

The Committee of Arrangements of the Bankers' Convention, composed of seventeen bank cashiers from different parts of the country, met to-day in this city, and arrangements were made for the Bankers' Convention at Saratoga. Sub-Committees on Transportation, Reception, Organization, Resolutions, &c., were appointed.

Mr. Bristow's war against the Whisky Ring is attracting much comment, and is expected to add a million dollars to the Internal Revenue receipts from whisky this year. Civil suits had been ordered on the bonds of 15 gaugers. A number of these corrupt officers have been dismissed and some interesting revelations are expected. Meanwhile there is great satisfaction at the prompt resolution with which the Secretary has conducted his assault upon the swindlers who have so many years defrauded the Government.

At Washington on the 24th May the Court of Claims gave judgment for $480,000 in gold, in favor of the State National Bank of Boston, which brought suit to recover that sum from the United States. The amount was paid into the Sub-Treasury at Boston to cover the defalcation of Hartwell, the cashier therein in 1867, the bank contending that the United States, having secured the money through Hartwell's knowledge and participation in fraud, could not hold the money.

The Legislature of this State has closed its labors, having passed several laws relative to banks, trust companies, building associations and savings banks. Of these laws the Savings Bank General Act is the most important. We offer some remarks upon it elsewhere. An early copy of the bill was sent to us at our request by the *Safeguard*, an enterprising and trustworthy monthly journal devoted to the interests of savings banks.

Now that the miners' strike in Pennsylvania is closing, it may be well to examine the losses which it has inflicted upon the country. As one element in the calculation, we may cite the fact that the shipments of coal have been enormously reduced in the regions affected by the strike. The *Miners' Journal*, of Pottsville, gives the following figures for the last year and this:

	1874.	1875.
Pennsylvania and Reading Railroad	1,446,584	627,321
Schuylkill Canal	203,739	11,223
Lehigh Valley Railroad, E.	1,266,489	601,021
Lehigh Valley Railroad, N.	254,612	129,206
Lehigh and Schuylkill Railroad	522,919	160,587
Lehigh Canal	140,889	19,534
Total	3,835,232	1,548,892

In connection with the agitation for swift transportation in New York, some financial interest attaches to the report of the Metropolitan Railway, the chief London

underground line. The period covered is the last half of 1874, during which the gross receipts were £220,521, and the expenses £89,693, leaving a net profit of £130,828; which enables the Company to make a dividend of 1¼ per cent. on the common stock, having made one of 1 per cent. for the first half of the year. The progress of the traffic, and receipts of the line, are shown by the following table:

	Number of Passengers.		*Gross Receipts.*
1863	9,455,175	....	£101,707
1864	11,721,889	....	116,489
1865	15,763,907	....	141,513
1866	21,273,104	....	210,242
1867	23,405,282	....	233,180
1868	27,708,011	....	284,243
1869	36,893,791	....	374,083
1870	39,160,849	....	385 372
1871	42,765,427	....	396,068
1872	44,392,440	....	401,390
1873	43,533,973	....	408,382
1874	44,118,225	....	411,550
Total	360,192,073	....	£3,464,219

The business of 1874 was equivalent to 120,845 passengers daily—enough to fill 1,208 American cars each way week days and Sundays.

New York imports for the past month have fallen off, the total being $10,727,560 below those of April last year, and $7,142,059 less than in 1873. The specie imports for the month were $1,423,291, against $194,492 last year, and $582,253 in 1873. During the past ten months of the fiscal year, the importations were $305,188,375, against $326,632,552 during the corresponding period of last year, and $356,610,305 in 1873. The merchandise imports—*i. e.* the total exclusive of specie—for this period were $295,547,943, against $309,550,982 last year, and $350,148,842 in the same months in 1873. The custom receipts for the month of April were $9,603,087.82, and show an increase over the same month last year of $7,317.11, notwithstanding the heavy decline in the importations. The total collections for the past ten months amount to $94,013,899, against $94,154,431 during the corresponding period last year, and $109,978,123 in 1873.

The New York exports in April show a total of $25,619,533, against $25,768,301 last year, and $29,470,608 in April, 1873; exclusive of specie, we have a decrease of $3,700,441 from last year, and $6,018,913 from 1873. Compared with the month of March, the total exports show an increase of $2,895,315, and, exclusive of specie, a gain of $18,798. The domestic produce shipments show the heaviest falling off, the decrease being $3,339,217 from last year, and $5,589,404 from April, 1873. The specie exports were $6,018,678, against $2,467,005 last year, and $3,850,840 in 1873. For the ten months of the fiscal year, the total exports amount to $272,019,084, against $282,635,861 during the same period last year, and $272,256,191 in 1873. Exclusive of specie, the total stands $217,094,929, against $251,149,287 last year, and $219,192,343 in 1873.

DEATHS.

At BOSTON, on Tuesday, April 25th, aged seventy-nine years, BENJAMIN DODD, Cashier since 1828 of the ATLANTIC BANK and the ATLANTIC NATIONAL BANK.

At NEW YORK, on Friday, May 21st, aged fifty-five years, DAVID SALOMON, President of the GERMAN AMERICAN BANK.

At BALTIMORE, Md., on Friday, May 21st, aged forty-five years, PHILIP S. CHAPPELL, President of the THIRD NATIONAL BANK, of Baltimore.